NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

MBA PROFESSIONAL REPORT

Analysis of Camp Pendleton California Medical Treatment Facility Budget and Execution Process

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December 2008

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13. ABSTRACT (maximum 200 words)

This research project evaluates the budgeting and execution process of Camp Pendleton Medical Treatment Facility (MTF) and how the proposed prospective payment system (PPS) impacts the traditional way of funding MTFs. The research analyzes the budgetary policies and practices of MTF, how the MTF fits in the overall budgeting process of the Navy via Bureau of Medicine and Surgery (BUMED), how the MTF formulate and execute budgets, how to validate increase in departmental budget request, what are the budgetary responsibilities of Comptroller and major stakeholders (i.e. MTF Department Heads, Branch Medical Clinic Officer in Charge, OPTAR Holders), and what internal controls are in place to monitor obligation and execution of funds. BUMED is currently in the state of changing the methods it employs in funding MTFs to efficiently control the ever increasing cost of health care and be able to support its mission and align Defense Health Program (DHP) with the Department of Defense's budget which is facing budgetary constraints. Assistant Secretary of Defense Health Affairs plans to implement the PPS which is similar to a performance based budgeting process that focuses on value rather than cost of health care. The research also evaluates how the MTF prepares for the transition into the new budgeting process.

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ANALYSIS OF CAMP PENDLETON CALIFORNIA MEDICAL TREATMENT FACILITY BUDGET AND EXECUTION PROCESS

Dominador D. Constantino Jr., Lieutenant, United States Navy

Submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

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December 2008

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ABSTRACT

This research project evaluates the budgeting and execution process of Camp Pendleton Medical Treatment Facility (MTF) and how the proposed prospective payment system (PPS) impacts the traditional way of funding MTFs. The research analyzes the budgetary policies and practices of the MTF, how the MTF fit in the overall budgeting process of the Navy via Bureau of Medicine and Surgery (BUMED), how the MTF formulate and execute budgets, how to validate increase in departmental budget request, analyzes the budgetary responsibilities of Comptroller and major stakeholders (i.e. MTF Department Heads, Branch Medical Clinic Officer in Charge, OPTAR Holders), and analyzes the internal controls to monitor obligation and execution of funds. BUMED is currently in the state of changing the methods it employs in funding MTFs to efficiently control the ever increasing cost of health care and be able to support its mission and align the Defense Health Program (DHP) with the Department of Defense budget. Assistant Secretary of Defense Health Affairs plans to implement the PPS which is similar to a performance based budgeting process that focuses on value rather than cost of health care. The research also evaluates how the MTF prepares for the transition into the new budgeting process.

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I. INTRODUCTION

A. PURPOSE OF THE STUDY

The purpose of this research project is to evaluate the Budgeting and Execution procedures of the Camp Pendleton Medical Treatment Facility (MTF) and how the proposed prospective payment system impacts the traditional way of funding MTFs. Moreover, this research will also analyze the budgetary policies and practices of MTF, how the MTF fits in the overall budgeting process of the Navy, how MTF formulate and execute budgets, what are the MTF core missions and the roles that the major stakeholders (i.e., Comptroller, MTF Department Heads, Branch Medical Clinic Officer in Charge, OPTAR Holders) play, how MTF internal controls affect the process, how Department for Resources validate the MTF request for additional funding, what information are collected from each MTF Department Heads and Officer in Charge (OIC) of Branch Medical Clinics to validate their budget request and what role does each MTF Department Head and OIC Branch Medical Clinic play in the budgeting process. This research project evaluated the MTF's budgeting and execution process in FY-08. This research project also explored the basic theory and preparations executed by Camp Pendleton MTF to plan for the impending transition to prospective payment system.

B. RESEARCH QUESTIONS

1. How does Naval Hospital Camp Pendleton formulate and execute its budget?

2. What is the Military Health System (MHS) proposed prospective payment system?

3. How does the proposed prospective payment system impacts the traditional way of developing MTF's budget?

C. METHODOLOGY

Research methodologies used include: Interview (phone call & email) with CDR Steven Loberg (NH Camp Pendleton, Comptroller), Ms. Margaret Cortez (NH Camp Pendleton, Budget Analyst Supervisor), Mr. James Peterman (NH Camp Pendleton Uniform Business Office Supervisor), Navy Medicine West, BUMED, and literature review of BUMED instructions and manuals.

Naval Hospital (NH) Camp Pendleton FY-08 Budget Annual Planning Figure was included in the report in order to gain a historical perspective of the management practices. Current Information Systems and MTF field level reports were reviewed. DoD regulations were included as sources of research, as well as the Practical Financial Management: A Handbook for the Defense Manager Financial Manager, Naval Postgraduate School financial management books, Budgeting Financial Management and Acquisition Reform in the U.S. Department of Defense, federal budgeting articles, world wide web resources from American Society of Military Comptrollers, ASN(FM&C), BUMED, DFAS Reference Library, DoD directives, Financial Management Regulations, U.S. Government Printing Office Resources, Office of the Secretary of Defense, Office of the Undersecretary of Defense (Comptroller), TRICARE Management Activity, U.S. Standard General Ledger, and prior student theses.

D. LIMITATIONS OF THE RESEARCH

The proposed prospective payment system has not been fully implemented at the NH Camp Pendleton for the FY-09 annual budget request to Navy Medicine West. Therefore, only the possible impact of the proposed prospective payment policy changes was studied. Thus, no formal survey research was conducted for this specific project. It is beyond the scope of the research to explain fully all aspects of direct care system and prospective payment system financial accounting and reporting. As such, the scope of the financial data contained in this research is limited exclusively to the Camp Pendleton MTF. The financial management reports presented were the direct result from accounting transactions of MTF Camp Pendleton.

II. BACKGROUND

A. STATEMENT OF THE PROBLEM

1. Stakeholders

Camp Pendleton MTF is a 123 bed facility located at Oceanside, California. This MTF provides medical care to active duty military personnel, military retirees, and their family members within its area of responsibility (Naval Hospital Camp Pendleton, June 2008). The primary mission of the MTF is to maintain the health of its beneficiaries to include reserve military personnel, so they can carry out their military missions during peace and war. The ability of MTF to provide the best care possible is linked to its ability to ensure that MTF business practices are both efficient and resource effective. The MTF's Department for Resources (DFR) is entrusted with the efficient management of hospital resources. The Comptroller who leads DFR is responsible for assisting and advising the Commanding Officer (CO) in the effective management of resources. In addition to the Comptroller, Department Heads, Officer in Charge of the Branch Medical Clinics, and their respective OPTAR Holders are also responsible for the efficient management and execution of hospital resources.

2. Cost of Healthcare

The significant rise in expenditures for healthcare was mainly due to some beneficiaries receiving additional unnecessary services and visits. To manage costs, the Omnibus Budget Reconciliation Act, Public Law 99-272, required the Health Care Financing Administration to develop prospective payment system (PPS) for ambulatory surgery, comparable to the system for Medicare inpatient reimbursement to replace retrospective payment (cost-based payments) to a diagnostic-based PPS. The PPS pay a fixed, predetermined amount for a unit of service, adjusted for patient characteristics that affect the costs of providing care. Under the cost-based system, there was no incentive to reduce costs, if a medical provider performed a service; he or she is compensated with a

set fee or actual cost (Sanders, July 2005). The Department of Defense is not immune to the increasing cost of healthcare. In March 2004, Assistant Secretary of Defense Health Affairs (OASD (HA)) announced the future implementation of PPS in funding MTFs to control the increasing cost of healthcare (Winkenwerder, March 2004).

B. MILITARY HEATH SERVICE

1. Cost Based System

The military health benefit is organized and delivered through two systems in two distinct settings. The Direct Care System where healthcare is delivered by TRICARE in military owned and operated treatment facilities, i.e., MTFs. The other system is Purchased Care System where healthcare is delivered by civilian providers outside MTFs under contract to TRICARE, also known as network provider (Tanielian, T., Harris, K., Suarez, A., Labor, R., Bradley, M., Atkinson, S., and Glassman, P., 2003).

2. Prospective Payment System

In 1965, Medicare's payment for healthcare services was based on the cost-based system in furnishing services to Medicare beneficiaries. PPS was created by the federal government to replace the cost-based system in October of 1983. Under the cost-based system, healthcare facilities were given an "open check book," basically receiving reimbursement for whatever it cost to provide care. The healthcare industry created additional demand for services by simply providing them. The increase in demand and a policy of reimbursing full cost drove the cost of healthcare to double digit growth in the early 1980's. Under PPS, hospitals would receive a fixed amount for a given episode of disease regardless of the length of stay or type of care received. This new reimbursement philosophy would place responsibility for managing costs on the MTF (Carr, Nagel, & Taylor, December 2005).

C. MANAGEMENT OF FINANCIAL OPERATIONS

1. Organizational Structure

It is the policy of the Chief of Naval Operations that the command shall establish a Comptroller organization and have a qualified Comptroller who reports directly to the Commanding Officer when an MTF receives allocation of funds subject to 31 USC 1517. The organizational structure must be designed to ensure that the functions of budgeting, accounting, planning, analysis, and execution are properly executed. At a minimum, the platform must support the CO in meeting his responsibility for establishing and maintaining internal control systems (Bureau of Medicine and Surgery, June 2008).

The Comptroller will report directly to the CO since he is ultimately responsible for the proper execution of funds. Comptroller may report via Executive Officer (XO) for administrative purposes if all other Department Heads report through to the XO. However, the Comptroller must have direct, unrestricted access to the CO for financial matters. All fiduciary decisions must be made with full command authority. The practice regarding assignment of Comptroller functions subordinating the Comptroller to a business operations manager, which may be acceptable in the private sector, is not appropriate to the Navy organizational structure and is prohibited. While the private industry model may function effectively for businesses, Navy Comptroller has broader responsibilities than his counterparts in the private industry (Bureau of Medicine and Surgery, June 2008).

2. Comptroller Functions

a. Budgeting

The Comptroller is responsible for providing guidance and instructions for budget preparation and submittals, compiling the command's annual budget, reviewing resource requirements, allocating funds, monitoring variances, and identifying areas where financial efficiencies can be realized. The Comptroller who heads DFR and his staff will compile the annual budget, review budget justifications and distribute funds to

directorates, departments, and Branch Medical Clinics. DFR will prepare and issue directives and instructions to ensure adherence to and compliance with fiduciary policies promulgated by higher authority. The budgeting function of DFR continues throughout the fiscal year by monitoring budget performance and execution in order to identify and correct any potential fiscal problems that may arise during the fiscal year through efficient use of program analysis. Additionally, by doing continuous program analysis, DFR can identify programs that can be improved that may result to potential cost savings. Within the budgeting function, DFR will initiate action to adjust financial plans to available funds provided by Navy Medicine West and, when required, submit requests to higher headquarters for additional funds with justifications (Bureau of Medicine and Surgery, June 2008).

b. Accounting and Finance

DFR has an Accounting and Finance Division that assist the Comptroller in the management of the accounting program to include planning and directing the operation and designing the program well suited to serve the MTF's needs. Accounting and Finance Division responsibilities include: maintaining the control and subsidiary accounting records in accordance with the Navy's accounting principles and standards, inputting and validating civilian payrolls, processing of public vouchers, and performing the cost accounting functions. The Division will prepare the fiscal reports required for external agencies, such as Defense Finance and Accounting Service (DFAS) and prepare internal reports to accommodate management's financial information requirements (Bureau of Medicine and Surgery, June 2008).

c. Analysis and Evaluation – Economic, Management, MEPRS

The Comptroller must be capable of performing economic analysis, management analysis, cost/price analysis, and program evaluation. Additionally, the Comptroller should be proficient in performing cost/benefit analysis, quantitative analysis to include the application of statistical techniques, analysis of Medical Expense and Performance Reporting System (MEPRS) data, and special studies to incorporate and

improve the MTF's management information and to provide the CO with the knowledge base and list of alternatives to decide which is the most efficient program to be executed (Bureau of Medicine and Surgery, June 2008).

3. Comptroller Knowledge Requirements

a. Responsibilities

The Comptroller's primary duty is to assist and advise the CO in the effective and efficient management of resources. He/she is responsible for managing the money, manpower, process improvement programs, management analysis, and, in the absence of an information systems officer, the medical information systems functions of the MTF. The Comptroller is a vital staff advisor to the CO and should serve as a permanent member of the executive steering committee. The Comptroller must be concerned with everything and anything that could increase or decrease command resources. The Comptroller is the individual responsible to the CO for the proper implementation of the financial management activities of the MTF. The most significant duty of a Comptroller is to maintain stewardship over government resources (Bureau of Medicine and Surgery, June 2008).

The Comptroller provides resource advice and guidance to the CO and staff members. He is responsible for developing and preparing the budget, as well as, issuing instructions explaining the process. He/she also monitors execution of the budget and exercise staff supervision and control over accounting and financial services. The Comptroller is in charge of coordinating the development of performance factors, analyzing capabilities based on resources available, and recommending appropriate funding to implement approved programs. He/she also reviews organizational structure and functional responsibilities and conduct work analyses and studies of organizational problems for the purpose of recommending improvements. The Comptroller must act as a "honest broker" in allocating resources and must demonstrate the highest standards of integrity, diplomacy, judgment, and professional ethics (Bureau of Medicine and Surgery, June 2008).

b. Duties

The Comptroller develops, coordinates, and maintains an integrated civilian and military staff in the financial management functions that will provide the CO with the accurate data that are critical for the effective management control. The Comptroller translates program requirements into the required financial plan that formulates the MTF's budget, compares program performance with the financial plan, analyzes departmental productivity variances, and determines where financial adjustments may be applied. The Comptroller will orchestrate the development of program requirements and financial plans from the individual inputs of MTF Department Heads and OIC of Branch Medical Clinics to support the MTF's overall strategic plan. Furthermore, the Comptroller exercises such internal fiscal review and control as may be deemed appropriate and promotes economy and efficiency in the performance of assigned programs (Bureau of Medicine and Surgery, June 2008).

c. Management Control Reporting Requirements

The CO of the MTF is responsible for ensuring that the Manager's Internal Control Program (MICP) is established and maintained. The Comptroller plays a critical role in assisting the CO by ensuring that the following procedures are performed: reconciliation and submission of required reports on time; reconciliation of feedback reports or listings received from the DFAS Field Site; following and maintaining internal control checklists for identifying errors in financial and accounting operations, ensuring that they are functional and effective; performing fiduciary duties relating to the protection of resources and the reporting accuracy of financial information; ensuring that all outgoing status reports and formal communications are complete, accurate, on time, and contain useful information; resolving financial problems, performing follow-up on corrective actions initiated or taken, and ensure preparation of reports in financial violations or loss of funds, if appropriate; and review of unliquidated obligations (Bureau of Medicine and Surgery, June 2008).

D. MTF MANAGEMENT CONTROLS

Management controls include the strategic goals of the MTF, along with methods and procedures adopted by MTF to ensure that its goals are met. Management controls include processes for planning, organizing, directing, and controlling program operations. Internal controls are a subset of management control. The key to performing a management control review is to produce flowcharts of the activity under review. These charts will lay the foundation of business process reengineering improvement efforts that may be required to achieve efficient business practices leading to the optimal use of MTF resources. Management controls are the organization, policies, and procedures that may assist the CO and Comptroller to ensure that: programs accomplish their intended results; resources are used consistent with MTF's mission; programs and resources are protected from waste, fraud, and mismanagement; fiduciary laws and regulations are followed; and reliable and timely information is obtained, maintained, reported and used for effective decision making (Bureau of Medicine and Surgery, June 2008).

E. MTF CHART OF ACCOUNTS

BUMED, Assistant Chief for Resource Management/Comptroller, formulates policies and procedures and exercises effective control over the financial operations of the Budget Submitting Office (BSO - BUMED). MTF Department of Resources (i.e. Accounting, Budget, Program Analysis and Evaluation, and Reports and Statistics) support BUMED's fiduciary operations by implementing financial reporting, program analysis, and cost effectiveness to provide, deliver, and maintain innovative healthcare. DFAS provides further guidance and promotes efficiency in financial management (Bureau of Medicine and Surgery, June 2008).

Navy MTF staff deal with more than one Chart of Accounts. The Medical Expense and Performance Reporting System (MEPRS) contains a chart of accounts to identify work centers with accounts to support classifying and accounting for workload and expenses at all fixed MTFs. The Department of Defense official accounting system tracks budget execution by using a comprehensive set of uniform general ledger accounts designed for accrual accounting. The Chart of Accounts used by the Federal Government

provides the basic structure for the U. S. Standard General Ledger (SGL). From this Chart of Accounts structure, it will identify key accounting numbers and codes used in BUMED's financial data elements and tables. The Chart of Accounts purpose is to provide internal financial information relevant to the BUMED's and MTFs specific needs. The United States Government SGL and the Uniform General Ledger (UGL) both require the use of a standard chart of accounts in the Standard Accounting and Reporting System-Field Level (STARS-FL) and the Chart of Accounts defines the general ledger accounts contained in the accounting system. In its simplest form, the Chart of Accounts is represented by the "accountant's formula," "Assets – Liabilities = Equity or Investments." The formula is applicable to both the UGL and the SGL irrespective of the differences in account titles and associated four-digit account numbers contained in each of the ledgers. Account definitions contained in the SGL are significantly expanded to provide further clarification when determining the proper classification of transactions (Bureau of Medicine and Surgery, June 2008).

1. Program Elements

Program Elements are subdivisions of major programs and serve as the basic building block of the Future Years Defense Program (FYDP). A program element is an integrated combination of personnel, equipment, and facilities, which constitute an identifiable military capability or support activity. Program element codes also identify the mission to be accomplished, the organizational entities required to execute a mission and includes the forces, manpower, services, materials, and associated costs to perform that specific mission. Appendix A illustrates the relation of Program Element Component (PEC) to Activity Group (AG) and Sub Activity Group (SAG) (Bureau of Medicine and Surgery, June 2008).

2. Functional and Subfunctional Categories

Functional Categories are part of a system for classifying budget resources by their major purpose to relate outlays, credit activities, and budget authority to national needs (e.g. Defense Health) regardless of the branch of service administering the

program. Functional category codes are designed to collect expenses and gross adjusted obligations information for one or more of the following reasons: the cost of the function is required to meet restrictions made by Congress or to meet the needs of outside parties; information on the cost of a function is useful in deciding on the authorization to be provided to MTFs; and the cost of the function is useful in making comparisons and special analysis of cost (Bureau of Medicine and Surgery, June 2008).

The functional category codes developed to meet OSD (Comptroller) requirements do not meet all of the Navy MTFs requirements for financial information. Therefore, additional classifications have been developed to supplement the functional category codes. These additional classifications are called subfunctional category codes. Subfunctional categories are alphanumeric characters, which indicate both the function and the subfunction there under. Subfunctional categories are used to further subdivide the functional categories and to provide a refined grouping to facilitate accumulation of expenses separately for each of the various functions contained within a functional category. The combination of the functional/subfunctional categories provides a classification that states what functions will be performed and accounted for (e.g. D1, Administration). Functional/Sub-Functional Codes (F/SFCs) are used to identify their associated categories and to represent defined functions occurring within a mission. BUMED's BSO 18 activities that receive Defense Health Program (DHP) funds must appropriately utilize these F/SFCs when creating supporting cost accounting data and job order numbers. Refer to Appendix B after identification of the appropriate Sub Activity Group has been made and for the purpose of further classifying transactions (Bureau of Medicine and Surgery, June 2008).

3. Activity Groups/Subactivity Groups Code

A Subactivity Group is a two position alpha numeric code used to reflect the primary breakout of O&M, DHP financial data. This code is assigned by BUMED prior to the beginning of the fiscal year. Activity and Subactivity Groups authorized for use at Navy MTF are provided in Appendix C to provide further clarification (Bureau of Medicine and Surgery, June 2008).

4. Cost Account Codes

A Cost Account Code (CAC) is a four position alphanumeric code established to facilitate the classification of transactions according to their purpose (e.g. 4TVL, Prime Travel Entitlement). A cost account code dictionary may be found in the BUMED Annual Supplemental Financial Guidance (Bureau of Medicine and Surgery, June 2008).

5. Expense Elements and Object Class Codes

The expense element code is used to identify the type of resource being consumed in the functional/subfunctional category or program element. An Expense Element (EE) is a one position alpha or numeric code used to identify expenses and obligations as to type. This code is inserted in the last position of the cost code field in the Line Of Accounting (LOA) (e.g. T, supplies; W, equipment). The LOA provides a uniform system of accumulating and reporting accounting information related to public voucher disbursements, refunds, and collections while the Standard Document Number (SDN) associates a document to a specific LOA. The complete LOA consists of eleven data elements. They are interpreted in the following LOA code elements: Accounting Classification Reference Number (ACRN) - 2 positions; Appropriation – 7; Subhead – 4; Object Class – 3; Bureau Control Number – 5; Sub allotment – 1; Authorization Accounting Activity – 6; Transaction Type – 2; Property Accounting Activity – 6; Cost Code – 12; Standard Document Number – 15. The following is an example of a MTF's LOA: AA 9740130 188D 210 00203 0 068688 2D 012345 00203441RC0E SDN: N0020304TO12345 (Bureau of Medicine and Surgery, June 2008).

The LOA is broken down into its data elements and explained further in Appendix D. The first seven positions (9740130) comprise the appropriation. The appropriation is comprised of the Department (97-DHP), fiscal year (4-last digit of FY), and the appropriation symbol (0130-DHP). The appropriation elements have been broken down and individually addressed in Appendix D (Bureau of Medicine and Surgery, June 2008).

F. YEAR-END CLOSING PROCEDURES

Year-end closing reports are normally due by the tenth day after the close of the fiscal year. DHP specific guidance is provided by DFAS and BUMED to the MTFs. Similar guidance is provided by ASN (FM&C) and ASD (HA) for the DHP appropriation. In general, the following actions must be accomplished for all appropriations prior to closure. The following Standard General Ledger Accounts (SGLA) should have a zero balance as of 30 Sept: SGLA 4700.0100 – Unobligated Commitment-Direct Program for the expiring and expired appropriations; SGLA 6100.0111 – Undistributed Expenses (all fiscal years); SGLA 1010.0500 – Unmatched Funds Disbursed; SGLA 1410.0100 – Travel Advances; SGLA 4610.0400 (Uncommitted/Unobligated Authorizations-Reimbursable Program); and SGLA 4700.0200 (Unobligated Commitments-Reimbursable Program) no longer have to be zeroed at year-end close and valid balances should be retained in the ledger account. Special requirements exist for unobligated balances in the funded reimbursable programs. MTFs that are accounting for customer orders funded by multiple year appropriations will retain the unearned and unobligated balances of valid reimbursable orders with the appropriation current at the time the customer order was accepted. M8C2 will coordinate all Comptroller related activities within BUMED, consolidate all MTFs submissions, prepare required certification statements, and provide guidance to BUMED activities as required (Bureau of Medicine and Surgery, June 2008).

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III. BUDGETING AND EXECUTION PROCEDURES

A. BUMED BUDGET SUBMISSION

BUMED classifies Camp Pendleton MTF as an Expense Operating Budget (EOB). Although classified as an EOB, the MTF has 31 USC 1517 responsibilities so if found negligent in their duties as fiscal stewards of funds, the CO and Comptroller of the MTF are responsible for and can be subject to severe administrative penalties. When budgeting for the future, majority of the Navy MTFs in the West Coast region are responsible for conducting its respective budget calls within their command, consolidate, and submit the command budget to Navy Medicine West for review prior to submission to BUMED. The M8 division of BUMED oversees the budget preparation for Navy Medicine. It reviews all activity level budget estimates and any questionable changes are addressed to the appropriate activity for justification. When the budget estimates are approved, they are sent to the Responsible Office where the resource sponsors and appropriation sponsors reside for further review. The Navy Surgeon General acts as both resource sponsor and appropriation sponsor for BUMED MTFs (Bureau of Medicine and Surgery, June 2008).

The Office of the Assistant Secretary of Defense Health Affairs (OASD (HA)) is responsible for the submission of the DHP budget covering BUMED's Medical and Dental Care benefits for the Navy. BUMED submits budget exhibits to OASD (HA) via TRICARE Management Activity (TMA) for inclusion into the overall DHP. TMA is an organization outside of the OSD staff reporting directly to the OASD (HA). TMA is responsible for submitting a unified military medical POM to OSD on behalf of all services. TMA will submit the DHP budget to the Office of the Secretary of Defense and the Office of Management and Budget. The end product of this process is the inclusion of DHP to the President's budget which is submitted to Congress. Congress then reviews the President's budget to become Authorization and Appropriation bills authorizing BUMED to execute the DHP appropriation (Bureau of Medicine and Surgery, June 2008).

BUMED M8C1 initiates the Annual DHP budget call during Spring of each year by forwarding the DHP budget call package with program controls to the Expense Limitation Holder (ELH) activities (i.e. Navy Medicine West). ELH activities will issue budget calls requesting budget submissions from Expense Operating Budget (EOB) activities (i.e. Camp Pendleton MTF) within their area of responsibility (AOR). EOB activities will request budget submissions from all chargeable activities (i.e. subordinate Branch Medical Clinics) and prepare a consolidated budget submission for their command. The EOB or MTF consolidated budget submission and the chargeable activity submissions are forwarded to M8C1, via the respective ELH. All EOB or MTF budget submission packages must be reviewed and approved by the Commanding Officer, Officer in Charge of the Branch Medical Clinics, and the Comptroller (Bureau of Medicine and Surgery, June 2008).

Because the time between receipt of the BUMED budget call and the due date is too short (any period between three to five weeks), the MTF Comptroller will issue the MTF budget call prior to receipt of BUMED budget call. Although MTF may lack the specific guidance and control numbers which accompany the BUMED budget call, MTF budget call does allow budget analysts more lead time for thorough budget preparation. If the BUMED official control numbers differ significantly from the numbers used in the MTF budget call, the budget estimates can be revised. The Comptroller's staff can usually accomplish this without having the cost centers rework their entire input (Cortez, personal communication, June 2008).

B. MTF BUDGET FORMULATION

1. MTF Local Procedures

Camp Pendleton MTF submitted the FY-08 budget request electronically to Navy Medicine West via BUMED financial system called BUMED Annual Planning Figures (BAPF). The system will allow the budget analysts to input data electronically and show how the MTF BAPF budget request is allocated by Budget Activity Groups (BAG) and Sub Activity Groups (SAG) based on the annual Financial Guidance (FG) from BUMED.

The FG provides information on how to create each Expense Element (EE) and Function Sub Function (FSF) for each department within the MTF to properly assign OPTAR to each department and to the eleven subordinate Branch Medical Clinics. The FG also contains information how each MTF departments are categorized in Medical Expense and Performance Reporting (MEPR). MEPR is four position alphanumeric field used to identify expense transactions for BUMED activities. For FY-08 BAPF, budget analysts used historical data to create a working budget along with FY-07 spending and additional requirements from each Department Heads and Officer in Charge of the Branch Medical Clinics. Please see Appendix F (Bureau of Medicine and Surgery, June 2008) for the complete MTF BAPF Controls Report. MTF recorded a total of negative $500,000 in BAG "FK" (Other Personnel Support) which is the reimbursable from Food Service Department and a total of negative $1,200,000 in EE "Z" (Service Transfer Fund) which is the other reimbursable from Coast Guard, Personnel Support Detachment, and Branch Medical Clinic Yuma (Cortez, personal communication, June 2008).

2. MTF BAPF Increase Request

Using the excel spreadsheet template provided by Navy Medicine West, MTF will try to justify a legitimate increase in their budget request with metrics to Navy Medicine West. It is very important to defend the budget request increase with hard numbers to validate the request. The excel spreadsheet needs to be concise and should contain the data and justifications necessary to defend the request of increase funding and the Comptroller needs to show hard numbers (e.g. projected increase in workload, retention incentives for nurses) to prove that MTF needs additional funding. The only department that received 15 percent increase in FY-08 funding was Pharmacy (Loberg, personal communication, June 2008).

3. MTF Reclamas

Camp Pendleton MTF Comptroller submits a letter to Navy Medicine West to provide reclamas for marks (changes to the budget request). The marks are usually received in August and the turnaround is very fast. The call could be on a Friday

afternoon and responses are required by the end of the day. When neither the CO nor the XO is available, the Comptroller has to make the call on the reclamas, it is important to have a firm knowledge of the requests so a justification can be easily formulated before they are sent to Navy Medicine West. It would benefit the Comptroller to have that information already available. Being ahead of time greatly helps the Comptroller and it is imperative that he knows the thoughts of the CO for the issues in question (Loberg, personal communication, June 2008).

C. MTF BUDGET EXECUTION

1. MTF Information Systems/Decision Support Internal Control

Throughout the year of execution, it is important to monitor budget execution. A budget is a plan, and when appropriated, becomes the legal basis for the purpose, time, and amount aspects of the MTF that submitted the budget. It is the MTF's responsibility to execute that budget as presented and as enacted. Since DHP is very dynamic, there are many funding changes that will occur throughout the year. BUMED is the Responsible Office for the Navy DHP. Consequently, BUMED and Navy Medicine West will update APF frequently to reflect changes from DHP and will revise the funding levels of the MTFs accordingly (Potvin, November 2007).

The BAPF is a web-based application to collect BUMED spending plans based on BUMED published Annual Planning Figures (APF) controls. As soon as MTF receives the APF, it is entered into BAPF by both SAG and EE categories by month to create a complete and executable spending plan that will be reviewed periodically by BUMED and Navy Medicine West. This data is collected and uploaded to the Summarized Management Analysis Resource Tool (SMART) so that obligation rate can be measured against it and execution rates are also analyzed based on this data. An MTF that is under obligating or under expending will appear to be mismanaged or excessively funded. An MTF that is over obligating or over expending will also signal mismanagement. Please see Appendix G for Camp Pendleton FY-08 1st Quarter obligation rate by Directorate. As of December 31, 2007, the FY-08 1st Quarter total obligation rate is 92 percent which is

below the MTF target of 99 percent. So there is the possibility for Navy Medicine West to reallocate Camp Pendleton MTF's 1st Quarter appropriation to other MTFs within Navy Medicine West AOR (Cortez, personal communication, June 2008).

Camp Pendleton MTF Comptroller bases his financial monitoring on the trial balance that is performed daily using the Standard Accounting and Reporting System-Field Level (STARS-FL). The Comptroller monitors the fund status report on a monthly basis from the Fund Administration and Standardized Document Automation System (FASTDATA). The Status of Funds reports are handed out to OPTAR Holders twice a month so that the OPTAR Holders can determine for themselves if they are under or over obligated. He also monitors spending on a weekly basis. Every OPTAR Holders in his command kept track of their balances like a checkbook. Then, those OPTAR Holders meet with the Comptroller once a week to compare their balance with STARS-FL (Loberg, personal communication, June 2008).

SMART and FASTDATA are software programs that track spending for the MTF and subordinate Branch Medical Clinics. By using this valuable tool, the Comptroller can get an estimate of the overall command spending, obligation and execution rates. Additional monitoring of OPTAR Holders is necessary to ensure that they are tracking their spending and that they are not spending too much or too fast. A difference tends to lie in how much monitoring is enough and how often. The question is if the monitoring should be done on a weekly or monthly basis. If the OPTAR Holders are located further by distance and have less exposure to the Comptroller especially the Branch Medical Clinics OPTAR Holders, perhaps tighter monitoring is necessary to prevent OPTAR Holders from feeling as if they are too far away to be managed. The Branch Medical Clinics FY-08 1st Quarter total obligation rate is 75% which further suggests that they need additional monitoring. The meetings are to make certain that OPTAR Holders spread their expenditures throughout the entire fund period as originally planned. The Comptroller should base the number of meetings directly upon the amount of control needed. He should not waiver to have too many if that is needed but also should not have more than what is necessary (Ecarma & Hall, December 2002).

2. MTF Funding Allotment/Spending Internal Control

BUMED receives and distributes fund authority using the DoD Program Budget Accounting System (PBAS). The system automatically provides the audit trail and documentation required by the DoD Financial Management Regulations. Camp Pendleton MTF receives quarterly funding from Navy Medicine West via PBAS. The funding document indicates by BAG on how much funding the MTF received for their programs, the ceilings, floors, and which funds are fenced. The Comptroller usually gives the entire OPTAR amount to each department at the beginning of each quarter, unless the new fiscal year is initially funded under a Continuing Resolution Authority (CRA). The Comptroller reasoned that if the MTF staff knew that the Comptroller was saving some funds for the third month, the MTF is often careless in spending thinking that the MTF Comptroller will automatically cover any shortfalls if the departments or Branch Medical Clinics ran short of funds before the end of the quarter. An exception was when the Comptroller did not give the department their full funding in the first month of the quarter. This enables him to control the spending rates of the MTF. He closely monitors the MTF expenditure throughout the quarter, and reminds OPTAR Holders when they are spending more than they are supposed to at that point of the quarterly period (Loberg, personal communication, June 2008).

When and how much funding MTF departments and Branch Medical Clinics are given for their OPTAR allowance can be used as a type of spending control. This tool can be effective in managing the spending and ensuring that the command executes the funding responsibly enough to make it last throughout the quarter. Withholding funds from each departments or Branch Medical Clinics do not empower the recipients to make the proper decisions nor does it help them learn to manage their own funds. Depending on experience of the Comptroller and OPTAR Holders past performance, some OPTAR Holders need more restrictions than others. For the most part, all OPTAR Holders should be responsible enough to manage their respective funds (Ecarma & Hall, December 2002).

3. MTF Mid-Year Review

Early in the second quarter of the fiscal year, a mid-year review is conducted by BUMED to ensure current funding levels are sufficient to support the MTF business plan. MTFs that are under executing or under obligating may face the possibility of losing funding so MTFs that have legitimate requirements may receive additional funds to support their programs. This review is an opportunity for MTFs to review budget execution performance and adjust for fact-of-life changes (Potvin, November 2007).

The Comptroller starts preparing for the mid year review at the beginning of the fiscal year in October. When the APF is received from Navy Medicine West, the Comptroller tells the OPTAR Holders how much funding they will receive. Then, the Comptroller tells the Department Heads and Officers in Charge to keep a list of issues that was not originally funded for the beginning fiscal year and issues that come up the first six months of the fiscal year. These are must have issues and it is important to anticipate questions from Navy Medicine West about the unfunded issues and to have answers for them. According to the Comptroller, the key is to review the differences between the initial MTF BAPF request and the Navy Medicine West APF at the beginning of the fiscal year and the previous justification given to Navy Medicine West. If the Department Heads and Officers in Charge request to pursue unfunded requirements to be funded, they must present new data analysis more credibly. The issues need to originate from a valid requirement and not be from non mission related programs that the command wishes to implement (Loberg, personal communication, June 2008).

Preparation is one of the keys to a successful mid year review. The Comptroller emphasizes the need to start early and be prepared to justify major issues that are still valid to be executed before the end of fiscal year. It could be detrimental if MTF requests inappropriate issue in front of peers and leaders at BUMED and Navy Medicine West. It is important to have a thorough analysis of major issues and preparation to articulate justifications that could mean the difference between receiving additional funding or not. The best strategy is to know what the MTF need and why and to use metrics to back up the request. It is also important to know the MTF base, know why the issue is truly a fact-

of-life, and be able to justify its necessity with data analysis. Usually, the question is "what do you need to keep you operating up to the end of the fiscal year?" Any statements in response to that question will be closely scrutinized; thus, making it imperative for the Comptroller to be ready for this event. The Comptroller and MTF's reputation and credibility are usually at stake during mid year review (Osterhoudt, January 2008).

4. Year End Closing Procedures

During year-end closure, a review and validation of unliquidated obligations must be performed on any expired appropriation still reporting a balance pending in undelivered orders. This review is required no later than 30 September and is part of the Tri-annual review requirement for all expired and expiring appropriations due to significant disbursements problem that are being generated when obligating documents are not promptly recorded in the official accounting system. Additionally, some MTFs are slow in making obligation adjustments when the actual expenditure incurred for the services exceed the original obligation. As a result, every MTF is tasked by BUMED with supplying commitment and obligation validation data three times a year. The requirement applies to all appropriations and includes reimbursable transactions. Reports due for periods ending January 31 and May 31 shall include all outstanding commitments and unliquidated obligations of $50,000 or more for operating appropriations and $200,000 or more for investment appropriations (including R,D,T&E). Reports due for period ending September 30 shall include all outstanding commitments and unliquidated obligations. Since this is a difficult assignment, it is strongly suggested that each MTF establish a rotating schedule whereby MTF review some portion of their unliquidated documents that are valued at less than $50,000. A formal signed confirmation statement must be submitted attesting to the accomplishment of the Tri-annual review and the accuracy and completeness of the recorded amounts. Camp Pendleton MTF submits its Tri-Annual review through the BUMED M8C2 portal via Navy Medicine West. M8C2 compiles the data and forwards it to ASN (FM&C). Appropriation data for DHP is forwarded to ASN (FM&C), via the TMA. The intent of ASN (FM&C) is to have MTFs

focus attention on preventing unmatched disbursements by ensuring that the obligations that DFAS will subsequently liquidate are recorded properly in the accounting system by the Fund Holders (Bureau of Medicine and Surgery, June 2008).

During closure, MTF Comptroller ensures that obligations are posted to the accounting system to recognize contingent liabilities that are not previously recorded. Contingent liabilities are defined as any potential liability against the government which the activity: has not previously obligated due to lack of documentation or billing; may be reasonably expected to pay; and has a reasonable basis to estimate the associated cost. Common examples of contingent liabilities include: commercial utility and telephone billings, transportation charges, supplemental medical care, anticipated contract adjustments for variable unit cost contracts, and pending claims against the government. All contingent liabilities will be posted to the accounts using a single NC 2275, Order for Work and Services (Funded Reimbursable Work Estimate, Project Order, and Economy Act Order) as the record of memorandum entry prior to closure of the official accounts. Additional liabilities will not be added to the document subsequent to account closure, although the document amounts may be adjusted to better reflect anticipated costs. The NC 2275 will provide line item detail recording the specific liabilities and amounts being obligated to provide an audit trail. Backup documentation should be attached and retained with the NC 2275 to support future audit reviews. MTF reviews all outstanding contingent liabilities on a monthly basis as part of the obligation validation review process. The MTF Accounting Division makes the necessary adjustments to NC 2275 supporting the contingent liabilities as a supporting documentation to the obligation amounts received. Please see Appendix H for a sample format (Bureau of Medicine and Surgery, June 2008).

5. MTF Outstanding Obligation Validation

Camp Pendleton MTF is required to continuously carry out outstanding obligation validations. Fund Holders are required to review commitments and obligations three times a year during the end of the four month period of each fiscal year. However, MTF should conduct more than is required to better manage the allotment of funding and be

able to move resources to programs that have higher priority and reduce unnecessary waste of resources. Transactions such as cancellations in an obligation status should be corrected. Over aged commitments should be researched and determination should be made if the obligations or commitments should be cancelled. Receipts should not be shown indefinitely in an obligation status and memorandum records should match the official accounting records. All unliquidated obligations should be researched and settled before the fifth year to prevent MTF from paying prior obligations from the current funds impacting current capacity (Potvin, November 2007). As of June 2008, Camp Pendleton MTF has active expired unliquidated obligation from previous years; thereby, creating potential for unnecessary reduction in the MTF current FY-08 funds (Cortez, personal communication, June 2008).

6. Additional Logistical Internal Control

Camp Pendleton MTF has several check and balances in place to determine if OPTAR Holders are meeting their requirements. One of them is the requirement for New Item Request (NIR) embedded in the Defense Medical Logistics Support System (DMLSS) which is the MTF supply system. Before any OPTAR Holder can add item to their catalog, the NIR is sent to the Comptroller office for review and approval. The goal is to catch all items which should not be purchased with appropriated funding. However, not all is caught so the first gate keeper is Materiel Management staff and DMLSS is the second pair of eyes (Cortez, personal communication, June 2008).

IV. PROSPECTIVE PAYMENT SYSTEM

The historic rise in expenditures for health care primarily was due to more beneficiaries receiving services and more unnecessary visits provided per beneficiary. To control spending, the Omnibus Budget Reconciliation Act, Public Law 99-272, required the Health Care Financing Administration to develop a PPS for ambulatory surgery, similar to the system for Medicare inpatient reimbursement to replace retrospective payment (cost-based payments) to a diagnostic-based PPS. The PPS pay a fixed, predetermined amount for a unit of service, adjusted for patient characteristics that affect the costs of providing care (Sanders, July 2005).

A. MTF PREPARATIONS PRIOR TO PPS FULL IMPLEMENTATION

Currently, MTFs are interested in capturing departmental costs such as Laboratory, Radiology, etc. However, although departmental costs are important to the management of MTF, the current cost-based budget system does not focus on the product being produced which is the healthcare services delivered to patients. Relative Value Unit (RVU) can measure the different types of "outpatient" services performed by departments and Diagnosis Related Group (DRG) can measure the "inpatient" product by patient and by specialty. To prepare for the future transition, Camp Pendleton MTF began an aggressive campaign to educate the command since majority of the medical providers and staff did not understand the financial impact and importance of RVU and DRG which are the basis of future MTF budgets (Loberg, personal communication, June 2008). The key to success is to increase templates or standardized check list to optimize encounters and improve access to healthcare; improve the capture and documentation of workload that generates RVU and DRG; work to achieve and sustain high Ambulatory Data Module (ADM) compliance rates; and work to decrease no show rates in the user population (Yoder, September 2007).

1. Diagnosis Related Groups (DRG)

Health services were always referred to as retrospective payments earlier because payment was always made after the service was given. This was then convenient as the payment was made by the insurance companies. The 1980s saw the introduction of cost limiting programs and one of them was the PPS initiated by Medicare. Here each disease is assigned a DRG where the doctors and hospitals received a fixed payment and calculation was done considering average parameters such as length of stay and treatment and DRGs may be further grouped into Major Diagnostic Categories (MDCs). In the early days, most healthcare was on a fee-for-service basis and was referred to as retrospective payment because the fee for healthcare services was paid after all the needed services were provided. During the 1970s, a period of high inflation, healthcare costs skyrocketed. Most Americans had health insurance and were not worried about costs because the insurance company or Medicare and Medicaid would pay for all services provided (Carr, Nagel, & Taylor, December 2005).

As healthcare became more and more specialized the old system could not continue. Several cost limiting programs were introduced in the 1980s. Since 1983, Centers for Medicare and Medicaid Services (CMS) has taken over and focus of modifications has been primarily on the elderly population. As of October 1, 2007 with version 25, the DRG system has changed significantly. This version has resequenced the groups, for example the category "Ungroupable" is no longer 470 but is now 999. Some of the different DRGs developed in the US include: Medicare DRG Refined DRGs (RDRG); All Patient DRGs (APDRG); Severity DRGs (SDRG); All Patient Refined DRGs (APRDRG); International-Refined DRGs (IRDRG) (American Medical Association, July 2008).

DRGs are categories of patient conditions that demonstrate similar levels of hospital resources required to treat the conditions presented (Baker, 2002). When a patient is discharged from a hospital, the patient will be given one of the 506 DRGs assignable. All DRGs can be assigned to either “surgical” or “medical.” As the name implies, surgical DRGs are assigned when surgery is performed. The particular surgery

performed is identified by procedure codes. Medical DRGs represent the cases where surgery was not performed. Although there are over 200 DRGs for surgery, the medical DRGs occur most frequently and account for the greatest volume (Carr, Nagel, & Taylor, December 2005).

The institutional component of inpatient care will be reimbursed on the basis of DRGs. A DRG is assigned, using a "grouper" software program, for each completed inpatient case. The DRG grouper software makes the DRG assignment based on characteristics of the patient and the case, including such data as the principal diagnosis, secondary diagnoses, procedures performed, discharge status, and patient demographics (e.g., age and gender). The DoD reimbursement for a DRG will use the basic TRICARE DRG payment approach, applying a 10 percent discount. The actual calculation of DRG reimbursement due for a specific case will use a modified version of the TRICARE DRG Payment Calculators maintained by TRICARE Management Activity (TMA). The Modified TRICARE DRG Payment Calculator will use the list of DRGs, as well as the rules for DRG weights, national TRICARE Adjusted Standardized Amount (ASA), and hospital-specific Wage Index in effect for the fiscal year in which the patient is discharged (Department of Defense & Department of Veterans Affairs, 2006).

The Modified TRICARE DRG Payment Calculators use an ASA, which is the TRICARE basic national reimbursement rate for each fiscal year. The ASA is split into labor and non-labor components, and the labor component is used in conjunction with the wage index for hospital-specific reimbursement calculations. The general approach to calculation of reimbursement separates DRGs into four different categories: inlier cases, short-stay outlier cases, transfer cases, and long-stay outlier cases. Each category uses a specific reimbursement formula to calculate an appropriate payment for a particular DRG. The following are examples of these calculations (Department of Defense & Department of Veterans Affairs, 2006).

Example 1 - Inlier DRG

An Inlier DRG is any inpatient discharge that does not require payment adjustments related to consideration of the discharge as a Transfer Case; or consideration

as a Short-Stay or Long-Stay Outlier Case. These cases will be reimbursed at the DRG Inlier Payment produced by the Modified TRICARE DRG Payment Calculator to include the application of the 10 percent discount used in DoD Resource Sharing Agreements (Department of Defense & Department of Veterans Affairs, 2006).

Data for use in Example 1 - lnlier DRG	
DRG 002, Craniotomy Age >17, without complications and comorbidities	
DRG Weight = 2.3684	TRICARE ASA = $4,265.70
Length of Stay = 5 days	Wage Index = 0.9000
Arithmetic Mean LOS = 6.3 days	Labor Portion = 62.0%
Geometric Mean LOS = 3.7 days	Non-Labor Portion = 38.0%
Short-Stay Threshold = 1 day	Wage Adjusted ASA = $4,001.23
Long-Stay Threshold = 22 days	

The formula for the Wage Adjusted Inlier DRG Reimbursement (i.e., DRG Inlier Payment) calculation applicable to DoD Sharing is:

DRG Base Payment = Wage Adjusted ASA x DRG Weight

Wage Adjusted ASA = ([ASA x Labor Portion x Wage Index]) + [ASA x Non-Labor Portion])

= ([$4,265.79 x 0.62 x 0.9]) + ([4,265.79 x 0.38]) = $4,001.23

Calculation of the DRG Base Payment = $4,001.23 x 2.3684 = $9,476.51

DRG Inlier Payment = DRG Base Payment x 90 percent

= $9,476.51 x 0.90 = $8,528.86

Example 2 - Short-Stay Outlier DRG

A Short-Stay Outlier DRG is any discharge which has a length-of-stay (LOS) of less than or equal to the Short-Stay Outlier Threshold identified in the TRICARE DRG data. In statistical terms, the Short-Stay Threshold for a DRG is determined as the greater of 1 day or 1.94 standard deviations below the arithmetic mean LOS for that DRG. Any DRG with a LOS equal to or less than the Short-Stay Threshold will be considered a Short-Stay Outlier unless a major procedure was performed, in which case the full DRG will be billed. The operation of the Modified TRICARE DRG Payment Calculator will include application of the 10 percent discount used in DoD Resource Sharing Agreements. The basic calculation (before application of the 10 percent discount) will provide the treating MTF with reimbursement at 200 percent of the per diem rate for the DRG for each covered day of the hospital stay, but not to exceed the DRG Inlier Payment amount. The per diem rate used in this calculation is equal to the Wage-adjusted DRG amount divided by the arithmetic mean LOS for the DRG (Department of Defense & Department of Veterans Affairs, 2006).

Data for use in Example 2 – Short Stay Outlier **DRG**	
DRG 481, Bone Marrow Transplant	
DRG Weight = 8.3356	TRICARE ASA = $4,265.70
Length of Stay = 5 days	Wage Index = 0.9000
Arithmetic Mean LOS = 26.1 days	Labor Portion = 62.0%
Geometric Mean LOS = 21.3 days	Non-Labor Portion = 38.0%
Short-Stay Threshold = 6 days	Wage Adjusted ASA = $4,001.23
Long-Stay Threshold = 38 days	

The formula for the Wage Adjusted Short-Stay Outlier DRG Reimbursement (i.e., DRG Short-Stay Outlier Payment) calculation applicable to DoD Sharing is:

DoD Sharing Short-Stay Outlier DRG Payment is the minimum of the DRG Inlier Payment or the Short-Stay Per Diem Payment, multiplied by 90 percent

DRG Inlier Payment = Wage Adjusted ASA x DRG Weight

Wage Adjusted ASA = ([ASA x Labor Portion x Wage Index]) + ([ASA x Non-Labor Portion])

= ([$4,265.79 x 0.62 x 0.9]) + ([4,265.79 x 0.38]) = $4,001.23

DRG Inlier Payment = $4,001.23 x 8.3556 = $33,432.68

The Short-Stay Per Diem Payment is:

2 x LOS x Short-Stay Per Diem

Short-Stay Per Diem = (DRG Inlier Payment / Arithmetic Mean LOS)

Calculation of the Short-Stay Per Diem Payment is:

2 x 5 x ($33,432.68 / 26.1) = $12,809.46

The minimum in this case is the Short-Stay Per Diem Payment of $12,809.46 since it less than the DRG Inlier Payment of $33,432.68

Short-Stay Outlier DRG Payment = Short-Stay Per Diem Payment x 90%

= $12,809.46 x 0.90 = $11,528.51

Example 3 - Transfer Case

Acute Care Transfers: Under the TRICARE DRG reimbursement approach, a discharge of a hospital patient is considered to be a transfer for purposes of payment if the patient is readmitted the same day to another hospital for an acute level of care. These cases will be reimbursed at the Transfer Case Payment amount calculated by the Modified TRICARE DRG Payment Calculator. The operation of the Modified TRICARE DRG Payment Calculator will include application of the 10 percent discount used in DoD Resource Sharing Agreements. The basic calculation will provide the treating hospital with reimbursement at 200 percent of the per diem rate for the DRG for the day one and 100% of the per diem for each additional day of the hospital stay, but not to exceed the DRG Inlier Payment amount. The Transfer Per Diem rate used in this calculation is equal to the Wage-adjusted DRG amount divided by the geometric mean LOS for the DRG (Department of Defense & Department of Veterans Affairs, 2006).

Data for use in Example 3 – Transfer DRG	
DRG 002, Craniotomy Age >17, without complications and comorbidities	
DRG Weight = 2.3684	TRICARE ASA = $4,265.70
Length of Stay = 1 day	Wage Index = 0.9000
Arithmetic Mean LOS = 6.3 days	Labor Portion = 62.0%
Geometric Mean LOS = 3.7 days	Non-Labor Portion = 38.0%
Short-Stay Threshold = 1 day	Wage Adjusted ASA = $4,001.23
Long-Stay Threshold = 22 days	

The formula for the Wage Adjusted Short-Stay Outlier DRG Reimbursement (i.e., DRG Transfer Case Payment) calculation applicable to DoD Sharing is:

DoD Sharing Transfer DRG Payment is the minimum of the DRG Inlier Payment or the Transfer DRG Per Diem Payment, multiplied by 90 percent.

DRG Base Payment = Wage Adjusted ASA x DRG Weight

Wage Adjusted ASA = ([ASA x Labor Portion x Wage Index]) + ([ASA x Non-Labor Portion])

= ([$4,265.79 x 0.62 x 0.9]) + ([4,265.79 x 0.38]) = $4,001.23

Calculation of the DRG Inlier Payment = $4,001.23 x 2.3684 = $9,476.51

= $9,476.51

The Transfer DRG Per Diem Payment is two times the Transfer Per Diem for the first day of the stay, plus the Transfer Per Diem for each additional day of the inpatient stay, not to exceed the DRG Base Payment.

([2 x Transfer Per Diem] + ([LOS-1] x Transfer Per Diem))

Transfer Per Diem = (DRG Inlier Payment / Geometric Mean LOS)

Calculation of the Transfer Per Diem Payment is:

2 x 1 x ($9,476.51 / 3.1) + (0 x ($9,476.51 / 3.1)) = $6,113.88

The minimum in this case is the Transfer DRG Per Diem Payment of $6,113.88 since it less than DRG Inlier of $9,476.51

Transfer DRG Payment = Transfer DRG Payment x 90%

= $6,113.88 x 0.90 = $5,502.58

Post-Acute Care Transfers: In some cases, a hospital that transfers an inpatient to a post-acute setting is paid a graduated per diem rate for each day of the patient's stay in that hospital, not to exceed the TRICARE/CHAMPUS DRG-based payment amount that would have been paid if the patient had been discharged to another setting. In general, the per diem rate is determined by dividing the appropriate DRG rate by the geometric mean length of stay for the specific DRG to which the case is assigned. Payment is graduated by paying twice the per diem amount for the first day of the stay and the per diem amount for each subsequent day, up to the full DRG amount. For neonatal claims, other than normal newborns, payment is graduated by paying twice the per diem amount for the first day of the stay, and 125 percent of the per diem rate for each subsequent day, up to the full DRG amount. The operation of the Modified TRICARE DRG Payment Calculator will include application of the 10 percent discount used in DoD Resource Sharing Agreements. The calculations involved for the Post-Acute Care Transfer Payment are those shown above as Example 3 (Department of Defense & Department of Veterans Affairs, 2006).

Example 4 - Long-Stay Outlier DRG*

A Long-Stay Outlier DRG is any discharge which has a length-of-stay (LOS) greater than the TRICARE Long-Stay Threshold for the fiscal year in which the patient is discharged. These cases will be reimbursed the Long-Stay Outlier Payment amount calculated by the Modified TRICARE DRG Payment Calculator. The operation of the Modified TRICARE DRG Payment Calculator will include application of the 10 percent discount used in DoD Resource Sharing Agreements. The basic calculation (before

application of the 10 percent discount) will provide the treating hospital with reimbursement at the sum of the Inlier DRG Payment plus 33 percent of the Long-Stay Outlier Per Diem for each Long-Stay Outlier day (Department of Defense & Department of Veterans Affairs, 2006).

Data for use in Example 4 – Long Stay Outlier DRG	
DRG 481, Bone Marrow Transplant	
DRG Weight = 8.3356	TRICARE ASA = $4,265.70
Length of Stay = 40 days	Wage Index = 0.9000
Arithmetic Mean LOS = 26.1 days	Labor Portion = 62.0%
Geometric Mean LOS = 21.3 days	Non-Labor Portion = 38.0%
Short-Stay Threshold = 38 days	Wage Adjusted ASA = $4,001.23
Long-Stay Threshold = 38 days	

The formula for the Wage Adjusted Long-Stay Outlier DRG Reimbursement (i.e., DRG Long-Stay Outlier Payment) calculation applicable to DoD Sharing is:

DRG Inlier Payment + (0.33 x Long-Stay Outlier Per Diem x [LOS - Long-Stay Threshold])

DRG Inlier Payment = Wage Adjusted ASA x DRG Weight

Wage Adjusted ASA = ([ASA x Labor Portion x Wage Index]) + [ASA x Non-Labor Portion])

= ([$4,265.79 x 0.62 x 0.9]) + ([4,265.79 x 0.38]) = $4,001.23

Calculation of the DRG Inlier Payment = $4,001.23 x 8.3556 = $33,432.68

Long-Stay Outlier Per Diem = (DRG Inlier Payment / Geometric Mean LOS)

Calculation of the Long-Stay Outlier DRG Payment is:

$33,432.68 + (0.33 x [$33,432.68 / 21.3] x [40 – 38]) = $34,468.62

Long-Stay Outlier DRG Payment = Long-Stay DRG Payment x 90%

= $34,468.62 **x** 0.90 = $31,021.76

*This long-stay outlier methodology is only being used for DoD/VA direct sharing agreement and is not used for TRICARE network agreements (Department of Defense & Department of Veterans Affairs, 2006).

2. Relative Value Unit (RVU)

a. History of Our Current RBRVS System

In 1988, the Centers for Medicare and Medicaid Services (CMS), formerly known as Health Care Financing Administration, funded a study that evaluated the resources and costs associated with delivery of physician services. The results of this study led to the introduction in 1992 of the Resource-based Relative Value Scale (RBRVS), which is a system for describing, quantifying, and reimbursing physician services relative to one another. The RBRVS incorporates three components of physician services - physician work, practice expense, and professional liability insurance (American Medical Association, June 2008).

A relative value unit (RVU) is assigned to each of these components. The RBRVS system uses the definitions and procedure codes developed by the American Medical Association in their Current Procedural Terminology (CPT). This coding system is currently used by Medicare, Medicaid and many private payers to reimburse physician services (American Medical Association, June 2008).

b. What is RVU?

An RVU is an abbreviation for Relative Value Unit. Physician services are reported using the Current Procedural Terminology (CPT) coding system. For each CPT code, each of the three components of physician work (physician work, practice expense, and professional liability insurance) is assigned an RVU and the sum is the total RVU for that CPT code. For example: Work RVU + practice expense RVU + professional liability

insurance RVU = Total RVU. The total RVU is multiplied by the conversion factor to obtain the reimbursement for that CPT code (American Medical Association, June 2008).

The declining federal and state budgets of the early 1990's, as well as financial pressures placed on hospitals during that time, set the conditions for the implementation of a nationally standardized fee schedule, RBRVS (Bergey, 1991). The initial objective of RBRVS was to decrease Medicare payments paid to providers. Before the introduction of RBRVS, Medicare reimbursed providers on a "reasonable charge" method that paid the provider the lesser of an actual charge or the prevailing charge for similar services (Broughton, 1993). The RBRVS was designed to distribute Medicare payments more equitably among providers. Under the RBRVS, providers are paid a predetermined rate for each procedure, regardless of the cost incurred by the provider (Berlin & Faber, 1997). The implementation of the RBRVS standardized physician fees and gave administrators a powerful tool to account for expenses. The RBRVS is comprised of over 7,000 common procedural terminology (CPT) codes, descriptions of procedures, and the RVU associated with each code (Portee, July 2004).

The purpose of the CPT code is to provide a uniform language that describes medical, surgical, and diagnostic services, and thereby serves as an effective means for reliable nationwide communication among physicians, patients, and third parties (St. Andrews, 2003). The RBRVS established relative values on the basis of the resources used by physicians to perform a particular service (Donnelly, 1993). The RBRVS further subdivides resources into three categories: physician work, practice expense, and malpractice expense (Donnelly, 1993). Physician work encompasses all the time spent before, during, and after the service to include the intensity of that time. Practice expenses are payments for rent, support staff, and supplies. These expenses vary greatly depending on the provider's gross revenue, mix of services, practice location, and specialty of the provider. For example, a family practice provider may require an office, two exam rooms, and 2.5 support staff in order to see his desired patient mix, whereas a perinatologist may prefer a practice setting which, consists of an office, one exam room, and two support personnel to accommodate the provider's practice. The final component of RBRVS is malpractice expense. Malpractice expense varies between specialties. An

obstetrician's malpractice expense is substantially higher than the malpractice expense incurred by a dermatologist due to the amount of risk associated with providing obstetrical care. These three components (physician work, practice expense, and professional liability insurance) combine to determine the RVU for each outpatient procedure performed by a physician (Portee, July 2004).

The term RVU has been applied to many systems that have attempted to set a value, or some form of workload measurement indicator to specific procedures. These "relative units" are numbers that indicate the relative value or worth of various services and procedures. The higher the numeric value associated with a procedure or service, the higher the worth (Bergey, 1991). To calculate a simple RVU, an administrator adds physician work (RVUw), practice expense (RVUpe), and malpractice expense (RVUm). An example of an RVU calculation is shown in Table 1 (Portee, July 2004).

Table 1. Relative Value Unit Calculation

CPT Code	Description of Procedure: Outpatient Patient	RVUw	RVUpe	RVUm	Total relative value	Encounter
99212	Minor to low severity	0.45	0.59	0.02	1.06	1.00
99213	Low to moderate severity	0.67	0.72	0.02	1.41	1.00
99214	Moderate to high severity	1.10	1.07	0.04	2.21	1.00

B. IMPACT OF PROSPECTIVE PAYMENT SYSTEM TO MTF

Prospective payment system can be synonymous to performance based budgeting process which worked like a cost management model comparable to a civilian hospital which anchored on the concept of accurate and complete documentation and coding of

healthcare delivered. MTF will be funded on what they do and not on what they spent in the prior year. Payment levels for each diagnosis-related group (DRG) based on the average cost of treating all TRICARE beneficiaries in a given DRG is the reimbursement system for "inpatient" charges. Reimbursement for "outpatient" services is based on Relative Value Units (RVU) to compensate for physicians work, practice cost, and malpractice insurance. If Camp Pendleton MTF incorrectly reports data to Medical Expense and Performance Reporting System (MEPRS) that captures the total number of RVU performed by the clinicians then other MTFs that are accurately capturing their data may potentially get less funding since future DHP appropriation will be distributed to MTFs based on RVU produced. The RVU system assigns numerical values to health care services - office visits, hospital care, and procedures to quantify the relative work and cost of these services. These units allow comparison of apples to oranges (i.e., surgery to primary care visits) and can determine the allowable payment for any service in any specialty (Yoder, September 2007). To illustrate further, if MTF "A" incorrectly reports data and receives more resources than it needs and since DHP has limited resources then it will cause MTF "B" who is correctly reporting data to receive less resources than it needs. This unfortunate scenario may potentially result to MTF "B" sending patients to civilian hospital due to MTF "B" reduced capacity and TRICARE may end up incurring more additional expense in the form of purchased cost by sending more patients to civilian hospitals that will add burden to the ever increasing DHP (Loberg, personal communication, June 2008).

Camp Pendleton MTF is currently staffed with a number of reserve and augmented support staff who are assigned for short periods of time. The temporary providers may not be properly trained in the administrative procedures at Camp Pendleton MTF, may lack the knowledge necessary to comply with administrative policy and procedures, and may face challenges in understanding and complying with organizational norms resulting to performance gaps, or mistakes, in individual and aggregate performance. The increased workload coupled with the transition of personnel may substantially affected the accuracy of the data used in measuring RVUs at MTF.

Frequent provider turnover has also adds to the number of providers who are not properly trained in capturing data used to calculate the provider's RVUs (Portee, July 2004).

Another contributing factor to decreased levels of RVUs is poor data quality. A number of providers do not properly document the care they perform in the patient's chart. For example, if a provider sees a patient who displays signs and symptoms of an upper respiratory infection and the provider only documents the encounter as a common cold the patient will only be coded for a common cold instead of an upper respiratory infection. Therefore, the patient encounter will be under-coded and the provider will have a decreased level of RVUs for that encounter. Precise documentation and coding are essential to determine RVUs and accurately measuring provider productivity at MTF and will ultimately result to less future funding affecting future MTF capacity (Portee, July 2004).

A study conducted by Bovier and Perneger found that providers were dissatisfied in regards to the additional workload generated from the growing administrative burden placed on providers (Bovier & Pernerger, 2003). The study further suggests that the increased administrative burden takes away from the amount of time providers spend with patients, family, and friends. The study also found a negative relationship existed between work related stress and administrative burden. As the administrative burden increased, the level of dissatisfaction and work related stress increased. MTFs should plan to have the additional administrative workload be completed by professional coders to alleviate some of the administrative burden that the MTF has placed on its providers so they can concentrate on providing quality healthcare (Portee, July 2004).

V. CONCLUSIONS

In order to meet the mission of efficient steward of resources and contribute to better the delivery of healthcare, MTF Comptroller needs to have a full comprehension of MTF's budget and execution process and be able to advise the Commanding Officer in the effective management of resources. The Comptroller must be concerned with everything and anything that could increase or decrease command resources to include the impending implementation of MHS prospective payment system. One of the challenges of the budgeting process is the mid-year review. The Comptroller placed the same effort and analysis to the FY-08 budget formulation and mid-year review. The Comptroller relied on the well justified data presented by the Department Heads and Officer in Charge of Branch Medical Clinics to develop the FY-08 budget and well constructed metrics to defend budget increase and reclamas and to prepare for the mid-year review conference with BUMED and Navy Medicine West. Majority of the approval in increase in funding emanates from fact of life issues (Ecarma, December 2002).

Curtailing the cost of healthcare continues to be a prominent topic in both the civilian and military healthcare settings. To help curtail the increased costs associated with providing quality healthcare, healthcare managers have begun to utilize quantitative techniques to improve the management of their practices in the areas of quality, cost, and access. In today's heavily resources-constrained environment, the federal government is beginning to understand the importance of accounting for the utilization of scarce resources. The DoD receives its budget through the appropriations process annually from Congress. The MTF CO then uses the appropriated funds to provide care to eligible beneficiaries. The amount of funding given to the MTF CO to provide healthcare is based upon historical data received from the individual MTF. The data generated by each MTF are sent to the central data repository for analysis. The data being analyzed consist of clinical, cost, and purchased care information. The data are stored in the central repository and can be used to project an MTF's budget so the MTF CO, staff officers, and providers should have a thorough understanding of this process to ensure accurate reporting. The data contained in the repository are used at the highest levels, including

the Office of the Secretary of Defense (OSD), to make important management decisions regarding the future of military medicine. To improve the level of accuracy and adequately measure provider workload, the Centers for Medicaid and Medicare (CMS) began using a resource-based relative value scale (RBRVS) for payment of Medicare services by both the federal and civilian organizations during 1992 (Glass, 2002). RBRVS consists of a schedule of fees at which providers are reimbursed for their services. A component of the RBRVS is the relative value unit (RVU) which is designed to measure physician productivity and degree of independent decision-making skill required for performing a procedure (Anderson & Glass, 2002). RVUs also assign relative weights to medical procedures primarily for the purpose of reimbursement of "outpatient" services performed, while DRG is primarily used for the purpose of reimbursement of "inpatient" services adjusted for patient characteristics that affect the costs of providing care. The RVU and DRG metric had become the primary practice management tool for both federal and civilian agencies. Using RVU and DRG metrics as management tools allow the CO and Comptroller to examine many aspects of provider practice patterns and the utilization of the organization's resources to better prepare themselves for the current budget formulation/execution and impending PPS implementation of funding MTFs (Portee, July 2004).

A. RECOMMENDATION FOR FURTHER RESEARCH

A comprehensive study should be made of the proposed prospective payment system to capture the total cost of operating Medical Treatment Facilities utilizing the current RVU and DRG metrics to include the financial accounting and reporting system to give Comptrollers the tools needed to formulate future budgets of Medical Treatment Facilities. The primary question could be on how TRICARE would implement the new Outpatient and Inpatient reimbursement methodology to improve the delivery of healthcare and reduce operational costs and what metrics would be used to incentivize MTFs that excel in the delivery of quality healthcare and cost effectiveness.

APPENDIX A. PROGRAM ELEMENT CODES AND RELATED AGS/SAGS

Program Element Codes and Related AGs / SAGs				
PEC	**DHP PEC Title**	**AG**	**SAG**	**SAG Title**
806761	Education & Training (Readiness) - Health Care	C2	C2	Readiness Planning, Exercises, & Training
806761	Education & Training Health Care	MA	MA	Education & Training - Health Care
807700	Defense Med Ctrs, Station Hospitals & Med Clinics – CONUS	M9	M9	Medical Treatment Facilities (MTFs)
807700	Defense Med Ctrs, Station Hospitals & Med Clinics – CONUS	ZU	RW	Collateral Equipment
807701	Pharmaceuticals –CONUS	VAR	VAR	Pharmaceuticals -CONUS
807705	Military Public Health/ Occupational Health	ME	M2	Military Public Health Program
807705	Military Public Health/ Occupational Health	ME	WH	Occupational Health Program
807714	Other Health Activities	ME	M1	Echelon 3 Activities
807714	Other Health Activities	ME	ME	Other Health Activities
807715	Dental Care Activities - CONUS	MR	MR	Dental Care Activities

807724	Mil Unique - Other Medical - Health Care	C1	C1	Support To Readiness & Others
807724	Mil Unique - Other Medical - Health Care	LB	LB	Other Pers Support - Care Of The Dead
807724	Mil Unique - Other Medical - Health Care	LB	LR	Other Pers Support - Well Child Care Centers
807724	Mil Unique - Other Medical - Health Care	ME	M3	Mil Unique/Other Med - Health Care
807738	MTF Enrollee Purchased Care	MD	3S	Managed Care Support Contracts
807743	Supplemental Health Care	MD	MD	Care in Non-Defense Facilities
807745	Supplemental Care-Dental (MMSO only)	MD	MD	Care in Non-Defense Facilities
807753	Environmental Conservation	E4	FW	Environmental Conservation
807754	Pollution Prevention	E4	FU	Pollution Prevention
807756	Environmental Compliance - Health Care	E4	FT	Hazardous Waste
807756	Environmental Compliance - Health Care	E4	FX	Shore Environ Protection

807756	Environmental Compliance - Health Care	E4	Q6	Environmental Restoration
807756	Environmental Compliance - Health Care	E4	RX	Environ Protection Projects
807776	Minor Construction-Conus-Health Care	F4	FB	Minor Construction
807778	Facility Sustainment-Conus-Health Care	F4	FA	Facility Sustainment
806276	Facility Restoration & Modernization-CONUS	F4	FB	Facility Restoration & Modernization
806278	Facility Sustainment	F4	FA	Facility Sustainment
807779	Real Property Services - CONUS - Health Care	F3	FC	Operation Of Utilities
807779	Real Property Services - CONUS - Health Care	F3	FD	Other Engineering Support
807779	Real Property Services - CONUS - Health Care	F3	FE	Payments To GSA
807781	Service Medical IM/IT-Health Care	F3	FQ	Service Medical IM/IT
807790	Visual Information Activities - Health Care	F3	V2	Visual Information
807793	Centrally Managed Service Medical IM/IT	F3	T1	Navy Medical IM/IT Program Activity
807795	Base Communications - CONUS - Health Care	F3	FN	Base Communications

807796	Base Operations - CONUS - Health Care	F3	FF	Administration
807796	Base Operations - CONUS - Health Care	F3	FJ	Bachelor Housing Ops & Furnishings
807796	Base Operations - CONUS - Health Care	F3	FK	Other Personnel Support
807796	Base Operations - CONUS - Health Care	F3	FL	Morale, Welfare, & Recreation
807796	Base Operations - CONUS - Health Care	F3	FR	Other Base Services
807796	Base Operations - CONUS - Health Care	F3	FV	Physical Security
807796	Base Operations - CONUS - Health Care	C5	RA	Injury Compensation
807900	Defense Med Ctrs, Station Hospitals & Med Clinics – OCONUS	M9	M9	Medical Treatment Facilities (MTFs)
807900	Defense Med Ctrs, Station Hospitals & Med Clinics – OCONUS	ZU	RW	Collateral Equipment
807901	Pharmaceuticals in MTF-OCONUS	VAR	VAR	Pharmaceuticals in MTF-OCONUS
807915	Dental Care Activities - OCONUS	MR	MR	Dental Care Activities
807976	Minor Construction - OCONUS	F4	FB	Minor Construction
807978	Facilities Sustainment - OCONUS	F4	FA	Facility Sustainment

806376	Facility Restoration & Modernization-OCONUS	F4	FB	Facility Restoration & Modernization
806378	Facility Sustainment	F4	FA	Facility Sustainment
807979	Facilities Operations, Healthcare - CONUS and OCONUS	F3	FC	Operation Of Utilities
807979	Facilities Operations - CONUS and OCONUS	F3	FD	Other Engineering Support
807981	Service IM/IT CONUS/OCONUS	VAR	VAR	Service IM/IT CONUS/OCONUS
807995	Base Communications - OCONUS - Health Care	F3	FN	Base Communications
807996	Base Operations - OCONUS - Health Care	F3	FF	Administration
807996	Base Operations - OCONUS - Health Care	F3	FJ	Bachelor Housing Ops & Furnishings
807996	Base Operations - OCONUS - Health Care	F3	FK	Other Personnel Support
807996	Base Operations - OCONUS - Health Care	F3	FL	Morale, Welfare, & Recreation
807996	Base Operations - OCONUS - Health Care	F3	FR	Other Base Services
807996	Base Operations - OCONUS - Health Care	F3	FV	Physical Security
807996	Base Operations - OCONUS - Health Care	C5	RA	Injury Compensation

807996	Base Operations - OCONUS - Health Care	ZY	ZY	Foreign Currency
808789	Counter-drug Demand Reduction Activities	4A	8M	Medical Activity (Drug Labs)

APPENDIX B. FY-06 FUNCTIONAL/SUB-FUNCTIONAL CODES (F/SFCS)

FY-06 Functional/Sub-Functional Codes			
F/SFC	**F/SFC Title**	**Description**	**Available SAGs**
CA	Care of Dead	Includes expenses specifically identified and measurable to the Care of the Dead. Program that provides funding for transportation of the deceased, escort travel expenses, mortuary services, and supplies and clothing for funerals when authorized by the BUMED Decedent Affairs Program directives.	FQ, LN
C0	Medical Care in Non-Service Facilities	Includes expenses specifically identified and measurable to providing medical care for authorized personnel and Government-owned animals, in non-service facilities and by private practitioners or in industrial funded facilities.	MD
CZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed. (e.g. reimbursable in the administrative area uses DZ) Valid with all SAGs.	
D1	Administration, General	Includes the expenses: 1. Of general and administrative functions not performed as organic support of organizations covered by other functional categories; 2. Incurred for command, management, administration, intelligence, inspection, information, legal, financial and related functions; 3. of automatic data processing when performed on a service center basis or when performed by a component of the organizations performing the general and administrative functions. Expenses of administration within the Supply Department, Medical Department or other departments included in other functional categories are excluded.	1H,8M, EP, FF, FQ, M1, M2, M3, MA, ME, V2, WH, ZY
D3	Federal Employees Compensation	Payments for on the job accidents and injuries paid by the Department of Labor.	1H, 8M, RA

FY-06 Functional/Sub-Functional Codes			
DP	Mission Related Systems	Includes expenses and gross adjusted obligations specifically identified and measurable to operating and maintaining automated information systems, which benefit more than one functional area within a facility.	8M, EP, FF, FQ, M1, M2, M3, M9, MA, ME, MR, T1
DZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed. (e.g. reimbursable in the administrative area uses DZ) Valid with all SAGs.	
E1	Supply Operations, General – Administration	Includes expenses of: 1. General and administrative functions not performed as organic support of organizations covered by other functional categories; 2. Incurred for command, management, administration, intelligence, inspection, information, legal, financial, and related functions; 3. Automatic data processing when performed on service center basis or when performed by a component of the organizations performing the general and administrative functions. Expenses of administration within the Supply Department, Medical Department, or other departments included in other functional categories are excluded.	8M, EP, FQ, M1, M2, M3, M9, MA,ME, MR, T1
EZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed. (e.g. reimbursable in the administrative area uses DZ) Valid with all SAGs.	
FC	Foreign Currency	Includes expenses and gross obligations incurred to capture the dollar gains and losses arising from fluctuations in foreign currency exchange rates.	ZY

J1	Initial Skills Training	Includes expenses and gross adjusted obligations incurred in conducting and attending initial skills training. Initial Skills Training is defined as "The basic introductory and indoctrination training given to naval personnel upon entry into the Naval Service. These are the schools that give sailors the basic knowledge and skills for a rating. These are sometimes called "A-Schools" because the type class is coded beginning with the letter "A". For the Medical Department, these are the schools which are coded "A5" for Enlisted Medical "A" schools and "A6" for Officer Medical." To be used by BUMED (BSO 18) activities only.	MA
J2	Skills Progression Training	Includes expenses and gross adjusted obligations incurred in conducting and attending skill progression training. Skills Progression Training is defined as "Training which provides advanced specialize skill, knowledge, aptitude, and qualification required to fill a particular billet. These are the schools that award an NEC or NOBC/BST. Theses are sometimes called "C-Schools" for the same reason as listed for Initial Skills Training. For the Medical Department, "C5" for Skill Progression Training – Enlisted Medical NEC and "C6" for Officer Medical Billet Specialty. To be used by BUMED (BSO 18) activities only.	C2, MA, FQ, WH
J3	Professional Education and Training	Includes expenses and gross adjusted obligations incurred in conducting and attending professional education and training. Professional Education Training is defined as "The systematic acquisition of theoretical and applied knowledge and the development of skills that are of particular significance to the Navy. It applies to type class "E" schools, which are programs designed to provide formal professional education instruction in a general or particular field of study that may lead to an academic degree. Of the eight sub-types, the ones which apply to us are: "E3" Graduate Education for sub-specialty, full time, funded - Degree Program; "E4" Undergraduate Education - Degree Program; "E5" Postgraduate Education - Degree Program; "E6" Non-degree Education Programs; "E7" Health Education Programs; "E8" Other Education Programs; "PB" Health Profession Acquisition Military Programs." To be used by BUMED (BSO 18) activities only.	8M, C2, FQ, MA

J4	Functional Skills Training	Includes expenses and gross adjusted obligations incurred in conducting and attending functional skills training. Functional Skills Training is defined as " Training which provides personnel in the performance of specialized tasks or functions which are not normal to rating training of enlisted personnel of professional training of officers. This type class is coded with the letter "F". These are the "F1" Functional Training – Enlisted and "F2" Functional Training – Officer courses." To be used by BUMED (BSO 18) activities only.	1H, 8M, C2, FQ, MA, WH
J5	Operational/Fleet Exercise/ Training	Includes expenses and gross adjusted obligations incurred in conducting and attending operational/fleet exercise/training. To be used by BUMED (BSO 18) activities only.	IH, C2,FQ
J6	Other Training Support	Includes expenses and gross adjusted obligations incurred in providing support to the education and training mission. To be used by BUMED (BSO 18) activities only.	C2, FQ, MA
J7	Health Professions Scholarship Program	Includes expenses and gross adjusted obligations incurred under the Health Professions Scholarship Program. To be used by BUMED (BSO 18) activities only.	MF
J8	Graduate Medical Education	Includes expenses and gross adjusted obligations incurred for the formal internship, residency, fellowship and graduate training in medicine and dentistry. Graduate Medical Education involves costs of in-service and full-time out-service training. To be used by BUMED (BSO 18) activities only.	FQ, MA
JA	Campaign Against Terrorism	Includes expenses and gross adjusted obligations incurred by BSO 18 Activities in support of the Campaign Against Terrorism (CAT). Items include but not limited to forward deployment/preparation, and backfill support.	1H,8M,C1, C2, EP,FA,FB, FC FD,FK,FL, FN, FQ,FR,FT, FU, M1,M2,M3, M9,MA,ME, MR,WH

JB	Support to Hospital Ships	Includes expenses and gross adjusted obligations incurred in supporting a hospital ship due to an operational requirement or other DoD or Navy directed contingency. To be used by BUMED (BSO 18) activities only.	C1
JC	Support to Fleet	Includes expenses and gross adjusted obligations incurred in supporting the fleet (e.g. CVNs, LHAs, LHDs, LPDs, LSDs, and LSTs). To be used by BUMED (BSO 18) activities only.	C1
JD	Support to Marine Forces	Includes expenses and gross adjusted obligations incurred by BSO 18 in support of Marine Forces. Items include but are not limited to deployment preparation, replacement/backfill personnel who may be active duty, reservists, civilians, or contractors.	1H, 8M, C1, C2, EP, FA, FC, FD, FK, FL,FN, FQ, FR, FT, FU, M1, M2, M3, M9, MA, ME, MR, WH
JG	Support To Other Military Activity	Includes expenses and gross adjusted obligations incurred in providing support and/or services to other Military activities outside your operating budget (OB) to include OCONUS activities, Army and Air Force medical/dental facilities, and Lead Agents. To be used by BUMED (BSO 18) activities only.	C1, FQ
JH	Support To Other Federal Activity	Includes expenses and gross adjusted obligations incurred in providing support to other federal agencies outside the Department of Defense such as Public Health Services. To be used by BUMED (BSO 18) activities only.	C1, FQ
JI	Support To Non-Federal Activity	Includes expenses and gross adjusted obligations incurred in providing support to non-federal activities. Non-federal activities include state, local, and civilian organizations. To be used by BUMED (BSO 18) activities only.	C1
JJ	Support To Non-MEPRS Reporting	Includes expenses and gross adjusted obligations incurred in providing support to non-MEPRS reporting facilities such as Navy operational forces platforms (e.g. FHs, FMFs, and MMARTs) not included under other F/SFCs “JB and JC”, line Army and Air Force activities. To be used by BUMED (BSO 18) activities only.	C1, 1H, FQ

JK	Readiness Logistics	Includes expenses and gross adjusted obligations incurred in procuring, storing, inventorying, rotating stock, packing, assembling, and positioning materiel for WRM programs (Pre-positioned War Reserves, Fixed MTF Readiness Maintenance, Maintenance and/or refurbishment of Team and/or MMART Supply Block, and RDMF and/or Fleet Hospital maintenance costs incurred by local MTF. Also includes medical readiness depreciation. To be used by BUMED (BSO 18) activities only.	C1, FQ
JL	National Disaster Medical System	Includes expenses and gross adjusted obligations incurred in planning, administrating, and conducting NDMS area exercises to test and critique the metropolitan area operations plan to include the development and/or maintenance of joint-federal operations plans; recruitment, establishment, and maintenance of memoranda of understanding with local hospitals for participation in NDMS; maintenance of liaison activities with civilian agencies; design, development, and maintenance of Military Patient Administration Teams; and coordination of area NDMS continuing education modules. To be used by BUMED (BSO 18) activities only.	C2, FQ
JM	OCONUS Disaster/Humanitarian	Includes expenses and gross adjusted obligations incurred in participation in OCONUS disaster and humanitarian efforts. To be used by BUMED (BSO 18) activities only.	C1
JN	Deployment Planning and Administration	Includes expensed and gross adjusted obligations incurred in planning and administration of individual or unit deployment requirements, to include security clearance, immunizations, preparation of orders, transportation coordination, deployment briefings, ID tags, Geneva ID cards, clothing and equipment issue. To be used by BUMED (BSO 18) activities only.	FQ, M3
JO	BSO 18 Next Phase	Includes expenses and gross adjusted obligations specifically identified and measurable to new, specific, and discrete costs of preparation to receive casualties. For example, if you have any contracts to backfill for deployed personnel or if we purchase any additional equipment etc. This F/FSC is not meant to capture increases to existing contracts.	FQ, FV,M2,M3, M9, MR, WH

JZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	
LA	Base Communications, Shore Activities	Includes resources at telecommunications centers supporting a base complex and base telephones, industrial security networks, crash networks, paging networks, etc., providing support to the base where located. Excludes operating forces (included under sub-functional category code C2) and industrially funded systems. Includes such systems as walkie-talkies, two-way radios, internal communications systems, etc. Manpower using these systems will not be reported as communications resources, unless their primary function is to maintain communications system, i.e., telephone operators, dispatchers, repairmen, etc. Resources will not be rationed; only resources predominantly supporting base communications will be reported.	1H, 8M, EP, FQ, FN
L1	Base Services, General	Includes expenses for such other base services as meet the criteria for the base service functional category and are not specifically covered by one of the special base services sub-functional categories in this subparagraph.	FQ, FV
L7	Operation and Maintenance of Transportation Equipment	Includes expenses specially identified and measurable to rental of vehicles to Government agencies; the maintenance and operation Activity-owned vehicular and other related equipment; the cost of chauffeurs/drivers, and trainmen whose time is not charged to other sub-functional categories; cost of charter/rental of passenger-carrying vehicles from commercial sources; and the running cost of commercially rented passenger-carrying vehicles.	1H, 8M, FQ, FR
LZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	
M1	Sustainment-Recurring Maintenance	Includes expenses specifically identified and measurable to facility maintenance and repair, which can be accomplished within the approval authority of the activity's Commanding Officer (0 to $200K) as defined in the current series of OPNAVINST 11010.20.	8M, FA, FQ

M2	Sustainment-NonRecurring Maintenance	Includes expenses specifically identified and measurable to facility maintenance and repair, which require approval at a level above the activity Commanding Officer (>$200K). The approval requirements are delineated in the current series of OPNAVINST 11010.20.	8M, FA, FQ
MZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	
N1	Operation of Utilities	Utility Operations includes the expense for procurement or production and distribution of utilities. These expenses include: 1. Purchased electrical energy; 2. Operation of electric generating plants and distribution systems; 3. Purchased steam and hot water; 4. Operation of heating plants and distribution system, including fuels; 5. Purchased water; 6. Operation of water plants and systems and sewage and waste system; 7. Operation of air-conditioning and refrigeration plants; 8. Other purchased utilities and operation of the utility system, such as gas distribution system & organic support.	1H, 8M, FC, FQ
NZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	
OP	Other Procurement	Includes all costs associated with the OP appropriation.	
P1	General Engineering Support	Include those expenses specifically identified and measurable to overall public works administration and engineering functions. Expenses related to this sub-function are identified by the 9100, 9200, and 9300 series of cost account codes, except for account 9130 which will be used only with sub-functional category code PZ.	1H, 8M,FD, FE, FQ,FT, FU, FW, FX, M1, RX
P5	Technical Engineering Programs	Includes expense of contractual procurement of engineering investigation, facilities planning studies (including master plans), and maintenance inspection of radio towers. Also includes expense of special technical engineering programs; cost of construction, operation, maintenance, and repair of Antarctic facilities supporting the DEEP FREEZE Program; cost of design, development, and application of nuclear power ashore; and cost of the Defense Standardization Program.	FD

PZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	
R1	Restoration & Modernization, and New Footprint – Local Authority	Includes expenses specifically identified and measurable to "restoration and modernization" and / or "facilities maintenance and / or new footprint" that can be accomplished with funding approval authority of the activity's Commanding Officer. As defined in the current series of OPNAVINST 11010.20, local funding authority for restoration and modernization is as follows: o If classified as repair and /or maintenance funding approval is $0 - $200K. o If classified as minor construction, funding approval is $0 - $100K. o If classified as equipment installation, funding approval is $0 - $100K	8M, FB, FQ, RW
R2	Restoration & Modernization, and New Footprint-BSO (BUMED) Authority	Includes expenses specially identified and measurable to "restoration and modernization" and / or "facilities maintenance and new footprint" that requires approval at a level above the funding approval authority of the activity's Commanding Officer. As defined in the current series of OPNAVINST 11010.20, BSO funding authority for restoration and modernization is as follows: o If classified as repair funding approval is $200K - $5M o Specific maintenance funding approved at >$200K o If classified as minor construction, funding authority is $100 - $500K o If classified as equipment installation, funding approval is > $100K	8M, FB, FQ, RW

RZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	
S1	Personnel Support	Includes expenses for the operation and related administration of: 1. food services, such as messes, ration distribution points, bakeries, kitchens, and meat processing facilities; 2. Personnel housing, such as barracks and bachelors officers' quarters; 3. Welfare and recreation activities, such as chaplain activities, libraries, service clubs, theaters, bands, newspapers, sports, crafts, and education centers; 4. Laundry and dry cleaning facilities; 5. Initial procurement, repair, and replacement of furniture and furnishings; 6. Human relation projects when not otherwise identifiable to other functional categories.	FJ, FK, FL, LR
SZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	
V1	Automatic Data Processing Support	Includes expenses specifically identified to ADP functions for cost applicable to activities whose primary mission is non-ADP related. Includes ADP cost relative to equipment rental/maintenance; software purchases, development and maintenance; salaries, supplies, purchased services and travel.	1H, 8M, C2, EP, FQ, M1, M2, M3, M9, MA, ME, MR, WH, T1
VA	VA/DoD Sharing Agreements	Includes expenses and gross adjusted obligations specifically identified and measurable to consumed/shared resources (labor and non-labor) of providing and receiving health care related services such as clinical, administrative, operating support, education and training, etc. for eligible beneficiaries under an approved/documented local and/or global (regional) VA/DoD resources sharing agreement. This F/SFC does not include costs of VA services purchased by a BSO 18 activity where no sharing agreement exists. Activities are to capture these costs under SAG/F/SFC "MD/YT" only.	FA, FD, FN, M2, M3, M9, MA, MR, WH

VZ	VA/DoD Sharing Agreements	Includes expenses and gross adjusted obligations specifically identified and measurable to consumed/shared resources (labor and non-labor) of providing and receiving health care related services such as clinical, administrative, operating support, education and training, etc. for eligible beneficiaries under an approved/documented local and/or global (regional) VA/DoD resources sharing agreement. This F/SFC does not include costs of VA services purchased by a BSO 18 activity where no sharing agreement exists. Activities are to capture these costs under SAG/F/SFC "MD/YT" only.	FA, FD, FN, M2, M3, M9, MA, MR, WH
W3	Automated Info Systems Management Headquarters	Includes expenses specifically identified with the management of Automated Information Systems by headquarters commands.	FQ, ME, T1
W4	Automated Information Systems	Includes expenses specifically identified to activities whose primary mission is designing, coding, testing, Documenting and subsequently maintaining computer operation or applications software on a centralized Basis for distribution to and utilization by more than one data processing activity. Where foregoing functions Are not the primary mission of an activity the costs will be recorded in functional category V.	FQ, ME, T1
WZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	
Y3	Ambulatory Same Day Surgery	Includes resources used by a medical treatment facility (MTF) in performing those Ambulatory Procedure Visits (APVs), which are identified in BUMEDINST 6320.86. Please reference Section C of guidance for Detailed costing procedures.	FQ, M9, MR
YA	Clinical Investigation	Includes expense and gross adjusted obligations specifically identified and measurable to the support and operation of the clinical investigative program, includes salaries, supplies, equipment as cited in BUMEDINST 600.4B. To be used only by BUMED (BSO 18) activities.	FQ, M9

YB	Continuing Medical Education	Includes expenses and gross adjusted obligations specifically identified and measurable to travel, per diem, fees, and miscellaneous costs incurred for CME training (Continuing Education, Alternative Instructional Systems, and Professional Update Training) where specific skills and knowledge is improved or general knowledge and information is interchanged. Excludes travel for other purposes. To be used only by BSO 18 activities.	8M, MA
YC	Lectures	Includes expenses and gross adjusted obligations specifically identified and measurable to support the cost of lectures associated with approved educational and training programs as outlined in BUMEDINST 4235.3 Series. To be used only by BUMED (BSO 18) activities.	MA
YD	Drug Testing	Includes expenses and gross adjusted obligations specifically identified and measurable to the cost of operating an authorized drug-testing laboratory. This includes screening, collecting, shipping, laboratory analysis, materials, reagents, salaries, and equipment to perform the drug testing functions. To be used by BUMED (BSO 18 Drug Labs) activities only. Costs incurred by others (e.g. MTFs) are charged to "M3 YR 4FAF."	8M, FQ
YE	Patient Affairs	Includes expenses and gross obligations specifically identified and measurable to the accomplishment of the administrative and clerical procedures for admission, transfer, discharge or other disposition of patients. Also includes costs of staffing, maintenance, and equipment repairs associated with the patient affairs operation and medical records operations. To be used only by BUMED (BSO 18) activities.	EP, FQ, M1, M3, M9, MD, MR
YF	Nutrition Management	Include expenses and gross adjusted obligations specifically identified and measurable to the costs of salaries, supplies, equipment, and services required providing the food service function. Includes costs associated with reimbursable earned (subsistence) as net effect. To be used only by BUMED (BSO 18) activities.	FQ, M9, MD
YG	Pharmacy	Includes expenses and gross adjusted obligations specifically identified and measurable to the salaries, supplies, maintenance, and repair of equipment to operate the pharmacy service at medical centers and branch dispensaries. Includes all drug costs. To be used only by BUMED (BSO 18) activities.	FQ, M2, M9, WH

YH	Laboratory	Includes expenses and gross adjusted obligations specifically identified and measurable to the costs of operating a clinical laboratory service. These costs include supplies, salaries, equipment, maintenance and repair of equipment, and services associated with the operation of the laboratory. To be used only by BUMED (BSO 18) activities.	FQ, M2, M3, M9, WH
YJ	Radiology	Includes expenses and gross adjusted obligations specifically identified and measurable to the costs of operating a radiology service. These costs include supplies, salaries, equipment, maintenance and repair of equipment, and services associated with the operation of the laboratory. To be used only by BUMED (BSO 18) activities.	FQ, M2, M9, WH
YK	Substance Abuse Rehabilitation	Includes expenses and gross adjusted obligations specifically identified and measurable to the rehabilitation process following the detoxification and acute care phase of the treatment. Includes salaries, supplies, maintenance, and other costs associated with NOA costs or reimbursable work orders. To be used only by BUMED (BSO 18) activities.	M9, MA
YL	Occupational Health	Includes expenses and gross adjusted obligations specifically identified and measurable to the salaries, supplies, equipment and services required to perform occupational health compliance inspections, pre-employment and special examinations incident to employment, causative agent investigation for personnel health hazards and normal health care to enable early return of employees to work. To be used only by BUMED (BSO 18) activities.	FQ, WH
YM	Safety	Includes expenses and gross adjusted obligations specifically identified and measurable to the salaries, supplies, equipment and services necessary to detect and correct safety hazards, including the issuance of personnel Protective clothing and devices. Excludes alterations necessary to correct safety deficiencies which are charged Under the respective F/SFC “M1/M2.” To be used only by BUMED (BSO 18) activities.	1H, 8M, EP, FF, FQ, M1

YN	Janitorial	Includes expenses and gross adjusted obligations specifically identified and measurable to the salaries, supplies, Equipment and services required to perform the janitorial functions at medical centers, hospitals, and branch dispensaries. To be used only by BUMED (BSO 18) activities.	FQ, M2, M3, M9, MC, ME, ME, M9, MR, WH
YP	Purchased Civilian Health Care	Includes expenses and gross adjusted obligations specifically identified and measurable to the costs of professional and personal services required for proper care and treatment of patients referred to civilian sources. Medical management of the patient is retained. For DoD purchased care for dependents, the term is Cooperative Care. To be used by BUMED (BSO 18) activities only.	MD
YQ	Special Bureau-Designated Programs	Includes expenses and gross adjusted obligations specifically identified and measurable to programs that are BUMED directed, special interest and non-recurring in nature. The cost of these program operations is not to be expensed to any other program area. To be used by BUMED (BSO 18) activities only.	FQ, ME
YR	Other Operations	Includes expenses and gross obligations for any BUMED-managed activity function that cannot be readily Applied to other functional/subfunctional categories. To be used by BUMED (BSO 18) activities only.	FQ, M2, M3, M9, MC, MD, ME, MD, ME, MR
YS	Healthcare Administration	Includes expenses and gross adjusted obligations specifically identified and measurable to the salaries, supplies, Equipment and services required to provide the healthcare administration function at MTFs and DTFs. To be Used only by BUMED (BSO 18) activities.	FF,FQ, M9, MR
YT	Purchased Veterans Administration Health Care	Includes expenses and gross adjusted obligations specifically identified and measurable to the costs of inpatient and outpatient care obtained from Veterans Administration sources. Does not include costs of purchased supplemental ancillary services obtained for the patient by the MTF and DoD/ VA Sharing Agreements. These services are charged to the benefiting SFC. To be used by BUMED (BSO 18) Activities only.	MD
YU	Inpatient Care	Includes expenses and gross adjusted obligations specifically identified and measurable to the salaries, supplies, equipment and purchased services required to provide inpatient medical care to authorized beneficiaries. To be used by BUMED (BSO 18) activities only.	FQ, M2, M9, MR, MD,

YV	Ambulatory Care	Includes expenses and gross adjusted obligations specifically identified and measurable to the salaries, supplies, equipment and purchased services required to provide in-house ambulatory medical care to authorized beneficiaries. To be used by BUMED (BSO 18) activities only.	FQ, M2, M3, M9
YW	TRICARE Outpatient Clinics	Includes expenses and gross adjusted obligations specially identified to the contractual costs of obtaining medical services in walk-in medical clinics operated by civilian health care companies. NAVCARE Clinics were converted to these TRICARE Outpatient Clinics. In accordance with the TRICARE final rule these clinics (NAVCARE) were converted into government managed contractor assisted TRICARE Outpatient Clinics.	M9
YX	MTF, Prime and Managed Care	MTF: Prime: Defined as network costs/bills attributable to CHAMPUS eligible Prime enrollees (Active Duty Family Members, Retirees and Retiree Family Members). Includes expenses and gross adjusted obligations specifically identified and measurable to the costs of professional and personal services required for the proper care and treatment of referred CHAMPUS eligible Prime enrollees by civilian sources. Medical management of the patient is retained at the individual's MTF enrollment site. Managed Care includes expenses and obligations identifiable to programs that support coordinated care initiatives including medical management (case management, disease management, and utilization management). To be used by BUMED (BSO 18) activities only.	3S, FQ, MA, ME, M9, T1
YY	CHAMPUS Recapture Program	Includes expenses and gross adjusted obligations identified for operation of Alternate Use of CHAMPUS projects designed to recapture CHAMPUS workload to the direct health care system. To be used by BUMED (BSO 18) activities only.	FQ, M9
YZ	Reimbursable	Includes all expenses billable to another appropriation, allotment, or activity. *Represents wild card usage in the first position of the proceeding F/SFCs listed (e.g. reimbursable in the administrative area uses DZ). Valid with all SAGs.	

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APPENDIX C. ACTIVITY GROUPS/SUB ACTIVITY GROUPS

Activity Groups/Sub Activity Groups			
AG	**SAG**	**SAG Title**	**SAG Definition**
2C	1H	Fleet Hospital Support Office/Navy Expeditionary Medical Support Command (NEMSCOM)	Provides comprehensive medical support to the Fleet and the Fleet Marine Forces engaged in combat operations. Fleet Hospitals complement and expand the medical capabilities of the Fleet and the Fleet Marine Forces while playing a critical role in the Navy's doctrinal concept of overseas theater support. Fleet Hospitals deliver essential care in theater operations while providing the Combatant Commander the flexibility to expand the medical mission to include definitive health care (surgical or other acute care capabilities) as necessary to stabilize, treat, and even rehabilitate in-theater wounded Sailors and Marines through the use of modular, scalable, rapidly erectable medical and surgical capability packages to pre-positioned afloat and ashore components. The utilization of this SAG is limited to the Fleet Hospital Support Office and Fleet Hospitals. It is not appropriate to use this SAG if an activity has been directed to augment or support any Fleet Hospitals or deployable units.
4A	8M	Navy Drug Laboratory	Ensure fleet/operational readiness by conducting scientifically accurate and legally defensible drug testing for all Navy and Marine Corps Active Duty, Reservists, Recruits and Military applicants. Specimens are submitted to the Navy Drug Laboratory for urinalysis and results are reported back to the Unit Commander. The utilization of this SAG is limited to the Navy Drug Laboratories only.
C1	C1	Support To Readiness & Other Activities	Reflects the comprehensive level of support provided to activities outside the respective Expense Operating Budget (EOB) area. Includes associated support costs for personnel (military, civilian, and contract); augmentation/deployment to readiness platforms (Fleet, Fleet Hospital, Hospital Ship, Fleet Marine Force), OCONUS rotation/backfill purposes, and

			materiel specifically identified and measurable to providing assistance in war and peacetime contingency/humanitarian operations as a result of other Navy or DoD directed efforts. Labor costs and associated man-hours while deployed or loaned outside your EOB shall be accounted for in this SAG. Excludes costs (travel, immunizations, deployment planning, etc.) for actual deployment and participation in exercises. These costs are captured under SAG "C2".
C2	C2	Readiness Planning, Exercises, & Training	Includes manpower authorizations, peculiar and support equipment, and the associated costs specifically identified and measurable to readiness planning/administration, exercises, education and training incurred in support of the readiness mission. The manpower authorizations are for those personnel who have the responsibility of administering readiness operations. It also includes personnel labor costs and man-hours while participating in readiness exercises and formal education and training.
C5	RA	Injury Compensation	Includes reimbursements made to the Department of Labor for compensation and medical benefits paid to civilian employees of the Department of the Navy who sustain job-related illness or injuries. Under Department of Labor billing procedures, the actual payment by Navy to Labor is made two years after the period in which the costs were incurred. Payment at the individual installation or activity level is essential to improve internal financial controls, to assure the accuracy of billings, and to encourage appropriate actions to be taken to minimize such costs.
E4	FT	Hazardous Waste	Includes costs specifically identified and measurable to resources devoted to hazardous waste management and disposal services; air pollution abatement; and water quality management compliance costs. Includes the training of personnel that handle hazard waste management plans, and the operation of facilities for storage, treatment or disposal of hazardous wastes. Includes obtaining necessary state and/or EPA permits to operate the facilities,

			groundwater monitoring to prove lack of contamination in cases of landfill disposal and surface impoundment, record keeping and reporting to states, EPA and Navy, payment to contractors with permits from states or the EPA for packaging, containerization, transportation, storage, treatment, or disposal of hazardous waste. Excludes research and development efforts; activities funded in the DBOF; base closure costs; and activities funded within the Family Housing Program.
E4	FU	Pollution Prevention	Includes costs specifically identified and measurable to resources to reduce or eliminate (rather than control or treat) the future impact that an operation may have on the environment through the source reduction of pollutants, more efficient us of natural resources recycling, and/or reduced emissions of toxic and other undesirable materials or wastes to the environment. Includes costs associated with certification of innovative technology; any laws, Executive Orders, or DOD policies on pollution prevention efforts; installation level pollution prevention plans, assessments, equipment, and projects; initial acquisition of environmentally acceptable replacements for hazardous materials required to comply with pollution prevention standards; review and modification of standardized documents; personnel and office operations; and facility construction costs or maintenance costs primarily required to meet pollution goals. Excludes research and development efforts; normal infrastructure maintenance and repair.
E4	FW	Environmental Conservation	Includes costs specifically identified and measurable to resources devoted to protect or enhance natural and cultural resources, preserve access to improved and unimproved training areas, and make necessary repairs to minimize erosion and otherwise rehabilitate DOD lands and waters. Includes the costs for studies and surveys; management costs; permits for use of natural and cultural resources; certification of innovative technology; design, construction, maintenance or repair costs required to restore, improve or maintain natural or cultural resources; and supplies and equipment required to

			carry out applicable natural and cultural resources management activities. Excludes Base Closure costs associated with these programs; normal maintenance required for appearance, including landscaping; and activities funded in the Defense Business Operations Fund.
E4	FX	Shore Environmental Protection	Includes costs specifically identified and measurable to resources for environmental costs currently (prior to FY 91) funded in base operations support, to include environmental engineering management, permits, fees, fines litigation, engineering studies (E4-FX continued) (including NEPA documentation), and minor alterations to facilities and equipment not centrally funded. Excludes routine costs associated with utility operations and maintenance, such as sewage or water treatment plants.
E4	Q6	Environmental Restoration	Includes costs specifically identified and measurable to resources for providing support for the identification, investigation, and clean-up of contamination from hazardous substances and wastes; correction of other environmental insults; demolition and removal of unsafe and/or unsightly buildings and structures; debris removal; and improvements, in hazardous waste disposal operations. Program currently consists of two elements: Installation Restoration Program (IRP) and Other Hazardous Waste (OHW) operations.
E4	RX	Environmental Protection Projects	Includes costs specifically identified and measurable to resources devoted to correct environmental deficiencies under established public laws. Assists activities in meeting regulatory compliance deadlines in order to avoid notice of violations that could impact facility operations. Includes identification of deficiencies, development of technical solutions, technical services to field activities, and funding for compliance oriented projects includes, but are not limited to; replacement of PCB transformers, construction of hazardous waste/material storage facilities, removal or permanent closure of non-leaking abandoned underground storage tanks

			(USTs), initial UST tightness testing, initial installation of leak detection corrosion protection, spill/overflow protection systems for USTs, upgrading of incinerators, and permanent mitigation projects to correct lead in drinking water violations.
F3	FC	Operation Of Utilities	Includes costs specifically identified and measurable to resources devoted to the procurement, production, and distribution of utilities. The expenses include purchased electrical energy, operation of electric generating plants and distribution systems, purchased steam and hot water, operation of heating plants and distribution systems including fuels, purchased water, operation of water plants and systems, sewage and waste systems, operation of air conditioning and refrigeration plants, other purchased utilities and operation of utility systems such as gas distribution systems and organic support.
F3	FD	Other Engineering Support	Includes costs specifically identified and measurable to resources devoted to miscellaneous base support functions such as: related administration, fire protection, custodial services (non medical, non dental facilities), entomology services (non medical, non dental facilities), refuse collection and disposal (excluding hazardous waste), snow and ice removal, demolition of real property, rentals, easements, and non medical/dental leases of real property (excluding payments to GSA) refrigeration plants, other purchased utilities and operation of utility systems such as gas distribution systems and organic support.
F3	FE	Payments To GSA	Includes costs specifically identified and measurable to resources devoted to reimburse the General Services Administration in accordance with Public Buildings Amendment Act of 1972 (PL 92-313), which requires a user's service charge payment to GSA for occupied space. Includes costs and associated administrative expenses.
F3	FF	Administration	Includes costs specifically identified and measurable to resources devoted to shore based support functions that provide direction, support, and services primarily on behalf of the command. These

			functions include CO/XO/Administration, general and administrative activities, legal office, civilian and military management, public affairs and resource management.
F3	FJ	Bachelor Housing Operations & Furnishings	Includes costs specifically identified and measurable to resources for shore base support and operation of barracks, personnel housing, BOQs/BEQs and purchase, installation and maintenance of personnel support equipment (PSE) for bachelor quarters and contract berthing (e.g. contracted billeting services for drilling reservists that cannot be accommodated by installation facilities). Excludes family housing.
F3	FK	Other Personnel Support	Includes costs specifically identified and measurable to resources for shore base support functions operations and management of military banking facilities, retail services support, commissary, family housing, museum, etc. that support the quality of life of military personnel (active and retired) and their eligible dependents. Excludes bachelor housing and morale, welfare, and recreation.
F3	FL	Morale, Welfare, & Recreation	Includes costs specifically identified and measurable to resources for operations and management of MWR activities. MWR activities include libraries, clubs, messes, parks and picnic areas, recreation centers/room, intramural sports, community centers, bowling alley, etc.
F3	FN	Base Communications	Includes costs specifically identified and measurable to resources devoted to base-level communications for Navy health care facilities to include base telephones, industrial security networks, crash networks, and paging networks providing support to the base where located. Excludes industrial funded systems or those operational telecommunications activities ashore directly supporting the fleet operation forces.
F3	FQ	Service Medical IM/IT	Includes labor equipment leases and purchases, contractual services incident to non-centrally managed Service Medical IMIT operations, maintenance, communications, computing

			infrastructure to include Information Assurance (IA), long haul/wide area and deployable tactical/shipboard communications, office automation, and video-teleconferencing and related technical activities. Specifically excludes Base Communications and Voice Communications costs.
F3	FR	Other Base Services	Includes costs specifically identified and measurable to resources devoted to shore based support functions including the operation and maintenance of non medical vehicles and vehicle (F3-FR continued) transportation' operation and maintenance of other transportation equipment, transportation equipment rentals; other operating costs, overhead operation and maintenance, air operations, other base services, port service and operations, facility training (excludes troop training and tactical exercises and training outline in SAG "C2"), process shops, surplus property, and lumber and timber management (excluding Environmental Conservation and Pollution efforts). Excludes installation communications.
F3	FV	Physical Security	Includes costs specifically identified and measurable to resources for protection of personnel and the security upgrade of facilities and installations. Provides funding to prevent, delay, and deter unauthorized access to equipment, facilities, material, and documents and safeguard them against terrorism, sabotage, vandalism, and theft.
F3	T1	Centrally Managed IM/IT	Includes funds obligated and expensed by BUMED activities for TMA centrally funded, Tri-service IMIT Systems such as CHCS and DMLLS. Funds are issued to Headquarters, BUMED and distributed to those MTFs paying for CHCS contract support salaries, NMINC and NMLC. The utilization of these funds for any other purpose is strictly prohibited unless prior approval has been obtained from the Budget Division at BUMED. Funds issued for Tri-service IMIT Systems enhancement, acquisition, sustainment and related IT infrastructure will be clearly identified on the Funding Authorization Document when issued to the activity.

F3	V2	Visual Information	Includes costs specifically identified and measurable to resources for the following functions when supporting base operations versus direct mission support: audiovisual management, contract monitoring, administration, library distribution, records, commercial leasing of audiovisual facilities, equipment replacement, and expansion, production, and services.
F4	FA	Facility Sustainment (CONUS/OCONUS)	(Sustainment is based on square footage, category codes, and area cost factors). Provides resources for maintenance and repair activities necessary keep an inventory of medical / dental facilities in good working order. It includes regularly scheduled adjustments and inspections, recurring and preventive maintenance task, and emergency response and service call for minor repairs. It also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heat and cooling systems, replacing tile and carpeting, and similar type of work. Other tasks associated with facilities operations (such as custodial services, grass cutting, landscaping, waste disposal, and provision of central utilities) are not included. Excludes Navy fleet hospitals and Navy fleet hospital storage facilities.
F4	FB	Facility Restoration & Modernization (CONUS/OCONUS)	Provides resources for improving medical / dental facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards (including regulatory changes) to accommodate new functions, or to replace building components that typically last more than 50 years (such as foundations and structural components). Restoration and modernization does not include recurring sustainment tasks or certain environmental measures (such as projects strictly for the removal of asbestos

			and lead paint). Other tasks associated with facilities operations (such as custodial services, grass cutting, and provision of central utilities) are also not included. Excludes Navy fleet hospitals and Navy fleet hospital storage facilities.
LB	LB	Other Personnel Support - Care Of The Dead	Includes costs specifically identified and measurable to the recovery, preparation, encasement, transportation, escort service (when applicable), funeral, and memorial services when remains are non-recoverable for the deceased personnel. Also includes transportation of the remains of retired members who die in service medical facilities to their homes. Other Navy beneficiaries and indigent patients who die in Naval Hospitals, U.S. civilian employees of humanitarian agencies are supported on a reimbursable basis. Excludes burial and markers for deceased personnel. They are paid by BUPERS.
LB	LR	Other Personnel Support - Child Development	Includes costs specifically identified and measurable to resources devoted to the intellectual, social, emotional and physical development of children. The primary sources are child development centers and family child care/family day care homes that are government quarters, owned or leased.
LV	EP	Management Headquarters	Includes costs specifically identified and measurable to resources devoted to the operation of headquarters functions. This SAG excludes any Centrally Managed program funding and may only be used by BUMED headquarters.
M9	M9	Medical Treatment Facilities (MTFs)	Includes costs specifically identified and measurable to the resources devoted to the provision of health care in Navy MTFs to include medical centers, station hospitals, medical clinics, TRICARE Outpatient clinics, federal sharing agreements, medical center laboratories which are integral to these facilities, substance abuse treatment programs conducted at these facilities. Excludes operation and management for regional lead agents, supplemental care and Dental Care services.

MA	MA	Education & Training – Health Care	Includes costs specifically identified and measurable to the operating resources for BUMED sponsored schools and health care personnel to receive technical, specialized, and professional skills training in service schools, government agencies and civilian institutions. Includes Continuing Medical Education (CME), Continuing Education, professional skill non-credit, Graduate Medical Education (GME), GME administrative support, Continuing Education and Training administrative support for (MA-MA continued) health care personnel within a medical/dental facility (previously under SAGs MC/M9/MR). Excludes readiness exercises, education and training, and Physical Readiness Training.
MA	MF	Health & Professional Scholarship Program	Includes costs (tuition, fees, and other authorized expenses for medical, dental, optometry, and nurse anesthesia programs in civilian institutions) specifically identified and measurable to the Armed Forces Health Professions Scholarship (AHPSP), Financial Assistance Program (FAP), Health Professional Loan Repayment Program (HPLRP), and other pre-commissioning professional scholarship programs. Excludes manpower authorizations and administrative support costs for these programs and other health acquisition programs, and funding for NADDS.
MD	3C	CHAMPUS	Includes costs specifically identified and measurable to resources devoted to the government's portion of costs incurred for patient care under the TRICARE Standard Option for non active duty personnel and their dependents (retired military, spouses and dependent children of active duty, retired, or deceased military) in civilian facilities and by private practitioners; and costs for special education and institutional care in civilian facilities for disabled dependents of active duty personnel covered under the Program for Persons with Disabilities (PFPWD). Includes administrative, management and health care costs associated with dental services provided on a contractual basis (e.g., family Member Dental Program, Select Reserve Dental Program); transition

			assistance programs (e.g. the Continuing Health Care Benefit Program); pharmacy services provided on a contractual basis (e.g., National Mail Order Pharmacy program); And TMA managed demonstration programs (e.g. TRICARE Senior Prime and Expanded Cancer). Includes health care costs for those programs that are considered not-at-risk to the TRICARE Managed Support Contracts.
MD	3S	Managed Care Support Contracts	Includes costs specifically identified in 32 CFR 199 and measurable to the following for providing benefits for areas serviced by the TRICARE Managed Care Support (MCS) contracts: Health care authorized under CHAMPUS For retired military personnel, for spouses and dependent children of active duty, retired, or deceased military personnel in civilian facilities and by private practitioners; and costs for special education and institutional care in civilian facilities for disabled dependents of active duty personnel covered under the Program for Persons with Disabilities (PFPWD). Includes health care costs for those programs that are considered at-risk to the TRICARE managed care support contracts. Includes external and internal resource sharing agreements when paid by the MCS contractor.
MD	MD	Care In Non-Defense Facilities	Includes costs for all health care (both medical and dental) provided in a non-defense facility under the Supplemental Health Care Program. This health care can be either referred or non-referred (both emergent and non-emergent). Includes costs for all health care provided in a non-defense facility for TRICARE Prime Remote enrollees. Also includes administrative, management and health care costs for the TRICARE Designated Providers for eligible beneficiaries enrolled in the USTF Managed Care Plan. Includes the cost of federal sharing agreements that are not part of the MCS provider network. Excludes manpower authorizations, administrative costs, and federal sharing agreements.
ME	M1	Echelon 3 Facilities	Includes costs specifically identified and measurable to resources to provide technical assistance and

			support to activities of BUMED in the assigned area. Provides for specified assistance and support services in professional technical matters, resource management, contingency planning, and logistical coordination rendered by Echelon 3 activities Jacksonville, Norfolk, and San Diego. Provides for technical assistance in health care matters to responsible line commanders and higher echelon line commanders as requested. Provides for local coordination of health care programs and other services, functions, and tasks as may be directed by the Chief, BUMED.
ME	M2	Military Public Health Program	Includes costs specifically identified and measurable to resources associated with the management, direction, operation, training and conduct of health promotion, preventive medicine, disease prevention and control. Consists of epidemiology (deployment and medical surveillance, Global Emerging Infectious Disease (GEID) Surveillance and Control, CBR-E Support, medical intelligence, disease outbreak investigations, disease control programs, health assessment, public health policy development, evaluation, (ME-M2 continued) performance measurements, and analysis and informatics); medical entomology (including vector control, surveys, disease outbreak investigation, vector risk assessment, medical intelligence gathering, and agricultural quarantine); and environmental health (including food safety, drinking water safety, wastewater sanitation, habitability, swimming pools and bathing places sanitation, solid waste disposal, medical waste disposal, hot/cold weather preventive medicine, and infection control).
ME	M3	Military Unique/Other Medical - Health Care	Includes costs specifically identified and measurable to resources devoted to military medical unique functions and activities such as MILITARY MEDICAL SUPPORT OFFICE (MMSO), NOSTRA, NAVAEROPMEDINST, and the DOD Military Blood Program. Includes deployment planning and administration costs (direct and centrally managed funded items such as personnel, preparation of orders, travel/transportation, storage of personal effects, uniforms, immunizations, security

			clearance, ID tags and equipment issues for individual or unit deployment. Excludes specialized skills training (“C” Schools) charged to “MA” and drug testing (Navy Drug Labs) and interdiction funding which is O&M,N.
ME	ME	Other Health Activities	Includes costs specifically identified and measurable to resources that support the provision of health care for authorized beneficiaries such as management headquarters for regional lead agents and associated MTF level costs, Navy Medical Logistics Command, the Navy Medical Information Management Center, and veterinary services. Excludes activities that provide support to the unique health care mission required by virtue of the military mission (SAG M3).
ME	WH	Occupational Health Program	Includes costs specifically identified and measurable to resources for Occupational Medicine and Industrial Hygiene functions : such as deployment of medical surveillance, asbestos medical surveillance, Hearing Conservation, medical aspects of ergonomics, reproductive hazards, ionizing and non-ionizing radiation safety, workplace assessments (afloat & ashore), health risk assessments, indoor air quality evaluations, and operation of separately organized occupational health clinics providing medical care to DoD civilians.
MR	MR	Dental Care Activities	Includes costs specifically identified and measurable to resources devoted to the provision of dental care and services to authorized beneficiaries through the operation of hospital departments of dentistry and dental clinics and operation of regional dental activities.
OP	OP	Other Procurement, Defense Health Program Other Medical Support Equipment	The Other Procurement portion of the Defense Health Program appropriation funds investment equipment items with an end use cost of > $250 K. The medical equipment program is centrally managed and executed by M4/CO NAVMEDLOGCOM. The information technology equipment is centrally managed by M8 and executed by CO NMIMC. The collateral equipment program is centrally managed by BUMED and executed by

			the three Echelon 3 activities' MCLO departments as applicable. (Military Construction Liaison Officer)
ZU	RW	Collateral Equipment	Provides for collateral equipment required to initially outfitting new military construction at Naval activities throughout the shore establishment. This requirement is generated by new construction for the replacement, modernization, expansion, addition, or conversion of a facility. Collateral equipment is that equipment which is required to provide a complete and usable facility. Includes resources for the initial outfitting of Congressionally authorized Military Construction, Navy projects and the Government of Japan Relocation and Facilities Improvement (JFIP) programs.
ZY	ZY	Foreign Currency	This AG/SAG is only available under appropriation/subhead 0130.1892 and is used to both fund losses due to adverse foreign currency fluctuations and to capture gains due to beneficial foreign currency fluctuations. The only activities authorized to cite this account are: NMCL London, NH Naples, NDC Naples, NH Rota, NH Sigonella, NEPMU 7 Naples, NH Yokosuka, NH Okinawa, NDC Yokosuka, NDC Okinawa, and Echelon 3 activities Jacksonville and San Diego.

APPENDIX D. LOA DATA ELEMENTS

Element Title	Data	Description
Accounting Classification Reference Number	AA	"AA" is the Accounting Classification Reference Number (ACRN). The next ACRN would be AB, AC, etc.
Department Code	97	Identifies department or agency receiving the appropriation, e. g., 97 is Defense Health Program (DHP). Also called Dept/Agency Code.
Fiscal Year	4	Fiscal year the funds are available for obligation.
Appropriation Symbol	0130	Type of funds being used.
Subhead	188D	Also called a limit. The 1st 2 positions identify BSO, 3rd identifies the Budget Activity, and the 4th identifies the ELH.
Object Class	210	Classifies transactions according to the nature of the goods or services procured, rather than the purpose.
Bureau Control Number	00203	UIC of the OB Holder.
Suballotment	0	1-position code assigned by the suballotment grantor for regular suballotments.
Authorization Accounting	068688: DFAS San Diego	Identifies the activity responsible for performing

Activity (AAA)		official accounting and reporting for funds.
Transaction Type	2D	Used to classify transactions by type (i. e., plant property, travel, etc.) Transaction Type 2D designates “travel” (i. e. 1K would be for per diem).
Property Accounting Activity	o12345	For plant property, UIC of purchaser; for travel, last 6 characters of travel order number.
Cost Code	00203441RC0E	00203-Command UIC; 4-Fiscal year;441RC0-Job Order; E-Expense Element
Standard Document Number	N002034TO012345	N-Navy; 00203-Command UIC; 4-Fiscal Year; TO-Travel Order; 012345-Tango Number

Common DoD appropriation designators are provided in Appendix E (Bureau of Medicine and Surgery, June 2008).

APPENDIX E. COMMON DOD APPROPRIATION DESIGNATORS

Appropriation Name	Army	Navy/Marine Corps	Air Force	OSD
Military Personnel	2010	1453/1105	3500	N/A
Reserve Personnel	2070	1405/1108	3700	N/A
National Guard Personnel	2060	N/A	N/A	N/A
O&M	2020	1804/1106	3400	0130
O&M Reserve	2080	1806/1107	3740	N/A
O&M National Guard	2065	N/A	N/A	N/A
O&M Family Housing	7025	7035	7045	
Procurement (Aircraft)	2031	1506	3010	N/A
Procurement (Missiles)	2032	N/A	3020	N/A
Procurement (Weapons & Tracked Vehicles)	2033	1507	N/A	N/A
Procurement (Ammunition)	2034	N/A	N/A	N/A
Shipbuilding & Conversion	N/A	1611	N/A	N/A
Other Procurement	2035	1810/1109	3080	0300
Research, Development, Test & Evaluation (RDT&E)	2040	1319	3060	0400
Military Construction	2050	1205	3300	
Family Housing Construction	7020	7030	7040	

Reserve Construction	2086	1235	3730	N/A
National Guard Construction	2085	N/A	N/A	N/A
Stock Fund	4991	4911	4921	
Industrial Fund	4992	4912	4922	

APPENDIX F. BAPF CONTROLS REPORT

BAPF CONTROLS REPORT

FYR: 2008

PEOB : 68094 - NH CAMP PENDLETON

UIC	NOMENCLATURE	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
32540	NBMC SEAL BEACH	50.8	14.7	15.7	15.5	96.7
32585	CAMP PENDLETON NBMC MCB	697.9	182.5	109.1	108.9	1,098.4
32602	NBHC POINT MAGU NAS	632.0	270.6	203.5	203.1	1,309.2
32956	EDSON RANGE ANNEX NBMC	265.5	53.2	53.4	53.3	425.4
3320A	FAMILY MEDICINE OCEANSIDE	1,959.8	176.2	176.2	175.2	2,487.4
35950	BARSTOW NBMC	242.2	167.2	166.7	165.6	741.7
46363	NBMC CAMP DELMAR MCB	23.2	23.5	23.5	23.6	93.8
46365	NBMC MCB CAMP SAN ONOFRE	234.3	49.0	49.4	49.3	382.0
47198	YUMA NBMC	1,116.7	768.6	1,122.8	771.9	3,780.0
62594	NDC CAMP PENDLETON	3,891.1	1,180.7	3,331.6	807.6	9,211.0
66099	NACC PORT HUENEME	4,171.2	2,207.3	3,147.0	2,589.0	12,114.5
68094	NH CAMP PENDLETON	44,479.5	15,499.0	24,925.7	17,231.0	102,135.2
	TOTAL	57,764.2	20,592.5	33,324.6	22,194.0	133,875.3
	CONTROL	57,764.2	20,592.5	33,324.6	22,194.0	133,875.3
	DIFFERENCE	0.0	0.0	0.0	0.0	0.0

BAG REPORT

FYR: 2008
PEOB: 6809[illegible] - NH CAMP PENDLETON

BAG	BAG NOMENCLATURE	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
IHC	IN-HOUSE CARE	11,284.1	21,260.2	8,316.3	6,302.2	5,351.6	5,653.1	10,068.8	10,021.5	9,743.0	6,320.2	6,321.2	6,269.7	106,911.9
CHS	CONSOLIDATED HEALTH SUPPORT	469.3	451.9	392.9	380.3	379.6	378.1	405.9	406.4	407.3	406.1	408.5	405.7	4,892.0
IMT	INFORMATION MANAGEMENT/TECHNOLOGY	193.8	111.0	106.9	108.8	106.4	164.9	294.7	107.1	107.0	106.7	107.3	106.9	1,621.5
EDT	EDUCATION & TRAINING	106.6	102.2	98.6	101.6	102.2	100.2	101.6	99.2	99.2	100.4	98.4	99.3	1,209.5
BOS	BASE OPERATIONS/COMMUNICATIONS	4,402.7	4,669.6	5,798.1	489.7	492.3	481.5	498.3	481.7	482.9	480.4	484.0	479.2	19,240.4
TOTAL		16,456.5	26,594.9	14,712.8	7,382.6	6,432.1	6,777.8	11,369.3	11,115.9	10,839.4	7,413.8	7,419.4	7,360.8	133,875.3

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
IHC	IN-HOUSE CARE	40,860.6	17,306.9	29,833.3	18,911.1	106,911.9
CHS	CONSOLIDATED HEALTH SUPPORT	1,314.1	1,138.0	1,219.6	1,220.3	4,892.0
IMT	INFORMATION MANAGEMENT/TECHNOLOGY	411.7	380.1	508.8	320.9	1,621.5
EDT	EDUCATION & TRAINING	307.4	304.0	300.0	298.1	1,209.5
BOS	BASE OPERATIONS/COMMUNICATIONS	14,870.4	1,463.5	1,462.9	1,443.6	19,240.4
		57,764.2	20,592.5	33,324.6	22,194.0	133,875.3

PROGRAM ELEMENT BY BAG REPORT

FYR: 2008
PEOB: 6809[illegible] NH CAMP PENDLETON

PE	PE NOMENCLATURE	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
BAG: IHC - IN-HOUSE CARE														
0807700N	CONUS-MED CTRS, HOSP, & MED CLINICS	8,501.1	17,063.4	4,995.8	3,541.4	3,261.1	3,676.0	7,120.4	7,096.4	6,821.4	4,186.4	4,186.3	4,185.0	74,634.7
0807701N	CONUS-PHARMACEUTICALS	1,962.5	1,963.5	1,964.6	2,182.6	1,682.7	1,683.8	1,887.8	1,865.1	1,859.8	1,852.5	1,852.6	1,803.5	22,561.0
0807715N	CONUS-DENTAL ACTIVITIES	820.5	2,233.3	1,355.9	578.2	407.8	293.3	1,060.6	1,060.0	1,061.8	281.3	282.3	281.2	9,716.2
	BAG: IHC TOTAL	**11,284.1**	**21,260.2**	**8,316.3**	**6,302.2**	**5,351.6**	**5,653.1**	**10,068.8**	**10,021.5**	**9,743.0**	**6,320.2**	**6,321.2**	**6,269.7**	**106,911.9**
			1st Quarter	**40,860.6**		**2nd Quarter**	**17,306.9**		**3rd Quarter**	**29,833.3**		**4th Quarter**	**18,911.1**	
BAG: CHS - CONSOLIDATED HEALTH SUPPORT														
0807705N	MILITARY PUBLIC HLTH/ OCCUPATIONAL HLTH	321.3	302.4	302.9	310.1	309.6	307.9	306.0	306.2	307.4	306.0	307.7	305.8	3,693.3
0807714N	OTHER HEALTH ACTIVITIES	58.3	58.3	58.3	58.3	58.3	58.3	58.2	58.3	58.2	58.2	59.1	58.2	700.0
0807724N	MIL UNIQUE REQUIRMENTS - OTH MED - HLTH	89.7	91.2	31.7	11.9	11.7	11.9	41.7	41.9	41.7	41.9	41.7	41.7	498.7
	BAG: CHS TOTAL	**469.3**	**451.9**	**392.9**	**380.3**	**379.6**	**378.1**	**405.9**	**406.4**	**407.3**	**406.1**	**408.5**	**405.7**	**4,892.0**
			1st Quarter	**1,314.1**		**2nd Quarter**	**1,138.0**		**3rd Quarter**	**1,219.6**		**4th Quarter**	**1,220.3**	
BAG: IMT - INFORMATION MANAGEMENT/TECHNOLOGY														
0807781N	SERV MED INFO MANAGEMENT/INFO TECHNOLOGY (IM/IT)	193.8	111.0	106.9	108.8	106.4	164.9	294.7	107.1	107.0	106.7	107.3	106.9	1,621.5
0807793N	CENTRAL MEDICAL IM/IT PROGRAM-HEALTH CARE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	BAG: IMT TOTAL	**193.8**	**111.0**	**106.9**	**108.8**	**106.4**	**164.9**	**294.7**	**107.1**	**107.0**	**106.7**	**107.3**	**106.9**	**1,621.5**
			1st Quarter	**411.7**		**2nd Quarter**	**380.1**		**3rd Quarter**	**508.8**		**4th Quarter**	**320.9**	
BAG: EDT - EDUCATION & TRAINING														
0806761N	EDUCATION AND TRAINING - HEALTH CARE	106.6	102.2	98.6	101.6	102.2	100.2	101.6	99.2	99.2	100.4	98.4	99.3	1,209.5
	BAG: EDT TOTAL	**106.6**	**102.2**	**98.6**	**101.6**	**102.2**	**100.2**	**101.6**	**99.2**	**99.2**	**100.4**	**98.4**	**99.3**	**1,209.5**
			1st Quarter	**307.4**		**2nd Quarter**	**304.0**		**3rd Quarter**	**300.0**		**4th Quarter**	**298.1**	
BAG: BOS - BASE OPERATIONS/COMMUNICATIONS														
0806276N	CONUS-FACILITY RESTORATION & MODERNIZATION	0.0	0.0	929.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	929.0
0806278N	CONUS-FACILITY SUSTAINMENT	1,884.3	1,710.0	2,236.9	31.2	31.0	30.0	30.0	31.0	30.0	30.0	31.0	30.0	6,105.4
0807756N	ENVIRONMENTAL COMPLIANCE	6.9	1.9	1.8	1.8	1.9	1.8	1.8	1.9	2.0	1.8	1.9	1.8	27.3
0807779N	REAL PROPERTY SERVICES - HEALTH CARE - CONUS	1,211.2	2,198.6	2,193.3	73.5	74.0	74.0	90.5	74.0	74.0	74.0	74.1	74.0	6,285.2
0807795N	CONUS-BASE COMMUNICATIONS	144.2	162.3	58.5	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.3	0.3	368.1
0807796N	CONUS-BASE OPERATIONS	1,156.1	596.8	378.6	382.8	385.0	375.4	375.6	374.5	376.6	374.2	376.7	373.1	5,525.4
	BAG: BOS TOTAL	**4,402.7**	**4,669.6**	**5,798.1**	**489.7**	**492.3**	**481.5**	**498.3**	**481.7**	**482.9**	**480.4**	**484.0**	**479.2**	**19,240.4**
			1st Quarter	**14,870.4**		**2nd Quarter**	**1,463.5**		**3rd Quarter**	**1,462.9**		**4th Quarter**	**1,443.6**	
TOTAL		**16,456.5**	**26,594.9**	**14,712.8**	**7,382.6**	**6,432.1**	**6,777.8**	**11,369.3**	**11,115.9**	**10,839.4**	**7,413.8**	**7,419.4**	**7,360.8**	**133,875.3**
			1st Quarter	**57,764.2**		**2nd Quarter**	**20,592.5**		**3rd Quarter**	**33,324.6**		**4th Quarter**	**22,194.0**	

BAPF SAG REPORT

FYR: 2008
PEOB: 68094 - NH CAMP PENDLETON

DESCRIPTION	SAG	SFC	PURPOSE	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
Support To Readiness & Others	C1	ALL	Pharmaceuticals	20.7	20.7	20.7	20.8	20.8	20.7	20.7	20.8	20.7	20.7	20.8	20.7	248.8
	C1	ALL	All Other Costs	11.7	11.7	11.7	11.9	11.7	11.9	11.7	11.9	11.7	11.9	11.7	11.7	141.2
Readiness Planning, Exercises, & Trng	C2	ALL	All Costs	14.3	4.8	4.5	4.9	4.5	4.8	4.5	4.9	4.4	4.5	4.4	4.5	65.0
Maintenance & Repair Of Real Prop	FA	M1	All Costs	1,884.3	1,710.0	2,236.9	31.2	31.0	30.0	30.0	31.0	30.0	30.0	31.0	30.0	6,105.4
Minor Construction	FB	R1	All Costs	0.0	0.0	929.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	929.0
Operation Of Utilities	FC	ALL	All Costs	567.6	2,126.2	2,120.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,814.7
Other Engineering Support	FD	ALL	All Costs	643.6	72.4	72.4	73.5	74.0	74.0	90.5	74.0	74.0	74.0	74.1	74.0	1,470.5
Administration	FF	ALL	All Costs	793.3	409.8	410.1	419.5	421.1	412.6	412.7	410.7	413.7	411.4	412.8	410.3	5,338.0
Bachelor Housing Ops & Furnishings	FJ	ALL	All Costs	3.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5
Other Personnel Support	FK	ALL	All Costs	-41.0	-42.0	-42.0	-42.0	-41.0	-42.0	-42.0	-41.0	-42.0	-42.0	-41.0	-42.0	-500.0
Morale, Welfare, & Recreation	FL	ALL	All Costs	20.8	6.0	6.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	37.3
Base Communications	FN	ALL	All Costs	144.2	162.3	58.5	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.3	0.3	368.1
Other Base Services	FR	ALL	All Costs	350.2	221.5	3.0	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	602.2
Hazardous Waste	FT	ALL	All Costs	6.9	1.9	1.8	1.8	1.9	1.8	1.8	1.9	2.0	1.8	1.9	1.8	27.3
Physical Security	FV	ALL	All Costs	29.6	1.3	1.4	1.3	1.4	1.3	1.4	1.3	1.4	1.3	1.4	1.3	44.4
IM/IT Central Program	T1	ALL	All Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IM/IT Service Other	FQ	ALL	All Costs	193.8	111.0	106.9	108.8	106.4	164.9	294.7	107.1	107.0	106.7	107.3	106.9	1,621.5
Military Public Health Program	M2	ALL	Pharmaceuticals	517.1	518.1	519.2	237.1	237.1	238.2	516.2	475.5	488.2	487.2	487.2	438.2	5,159.3
	M2	ALL	All Other Costs	13.6	13.6	13.8	18.6	13.7	13.8	13.8	14.0	13.9	13.8	14.2	14.0	170.8
Mil Unique/Other Med - Health Care	M3	ALL	All Other Costs	78.0	79.5	20.0	0.0	0.0	0.0	30.0	30.0	30.0	30.0	30.0	30.0	357.5
Def Med Ctrs, Station Hosps & Med Clin	M9	YG	Pharmaceuticals	1,424.7	1,424.7	1,424.7	1,924.7	1,424.8	1,424.9	1,341.9	1,359.8	1,341.9	1,335.6	1,335.6	1,335.6	17,098.9
	M9	YG	All Other Costs	492.7	794.7	241.4	149.0	151.8	152.4	361.4	152.4	152.4	152.4	152.2	151.9	3,104.7
	M9	YH	All Other Costs	1,362.4	647.8	272.3	102.3	103.5	102.5	103.6	228.1	102.6	102.4	102.6	102.5	3,332.6
	M9	YJ	All Other Costs	1,187.2	4,037.9	440.3	91.2	91.0	91.1	91.0	91.0	90.6	90.7	90.9	90.0	6,482.9
	M9	YU	All Other Costs	514.1	1,815.7	404.3	406.3	409.3	409.0	409.8	409.0	410.7	408.6	409.8	409.8	6,416.4
	M9	YV	All Other Costs	2,850.2	6,076.8	2,337.9	918.3	1,062.4	1,053.0	1,000.6	1,009.7	1,000.8	999.7	1,001.0	1,001.0	20,311.4
	M9	Oth	Pharmaceuticals	0.0	0.0	0.0	0.0	0.0	0.0	9.0	9.0	9.0	9.0	9.0	9.0	54.0
	M9	Oth	All Other Costs	2,094.5	3,690.5	1,299.6	1,874.3	1,443.1	1,868.0	5,154.0	5,206.2	5,064.3	2,432.6	2,429.8	2,429.8	34,986.7
Education & Trng - Health Care	MA	ALL	All Costs	92.3	97.4	94.1	96.7	97.7	95.4	97.1	94.3	94.8	95.9	94.0	94.8	1,144.5

BAPF EXPENSE ELEMENT REPORT

FYR: 2008
PEOB: 68094 - NH CAMP PENDLETON

EE	DESCRIPTION	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
4	Pharmaceutical Supplies	1,962.5	1,963.5	1,964.6	2,182.6	1,682.7	1,683.8	1,887.8	1,865.1	1,859.8	1,852.5	1,852.6	1,803.5	22,561.0
E	Travel	62.6	70.7	71.2	94.0	105.1	103.1	103.0	106.5	103.3	93.7	93.3	90.5	1,097.0
L	Transp Things Oth	41.2	1.7	1.7	1.7	1.8	1.7	1.7	1.8	1.7	1.7	1.8	1.7	60.2
M	Rents/utilities	1,641.4	2,388.8	2,169.7	1.3	1.3	1.0	1.8	1.0	1.8	1.6	1.8	1.8	6,213.3
N	Communications	103.9	140.3	40.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	287.3
P	Purch Equip Mnt Comm	926.9	653.7	526.1	12.9	13.0	13.0	13.0	20.4	12.5	13.0	12.5	12.5	2,229.5
Q	Purch Services Other	6,264.1	17,114.5	5,644.7	579.9	162.6	61.2	4,336.8	4,256.9	4,031.0	756.2	757.1	755.8	44,720.8
T	Consumable Supplies	1,998.9	824.2	870.0	985.2	779.0	1,021.0	1,095.9	1,097.3	1,099.4	1,093.5	1,098.8	1,093.6	13,056.8
U	Civilian Pay	3,514.8	3,515.1	3,516.6	3,592.9	3,692.8	3,700.2	3,691.8	3,692.2	3,691.2	3,691.0	3,690.9	3,690.5	43,680.0
V	Petroleum/oil Prod	9.4	3.0	3.0	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	42.9
W	Expense Equipment	25.7	14.9	0.4	12.0	73.7	283.0	325.0	164.0	128.0	0.0	0.0	0.0	1,026.7
Y	Printing/Reproduct	5.1	4.5	4.4	16.3	16.8	6.5	9.2	7.4	7.4	7.3	7.3	7.6	99.8
Z	Service Transfer Fund	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	100.0	-100.0	-100.0	-100.0	-1,200.0
	EE TOTAL	16,456.5	26,594.9	14,712.8	7,382.6	6,432.1	6,777.8	11,369.3	11,115.9	10,839.4	7,413.8	7,419.4	7,360.8	133,875.3

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
SAG TOTAL	57,764.2	20,592.5	33,324.6	22,194.0	133,875.3
CONTROL	57,764.2	20,592.5	33,324.6	22,194.0	133,875.3
DIFFERENCE	0.0	0.0	0.0	0.0	0.0

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APPENDIX G. FY-08 1ST QUARTER OBLIGATION RATE BY DIRECTORATE

Naval Hospital Camp Pendleton

FY08 Status of Funds as of: 12/31/2007 8:00:07 AM

Percentage Used Should Be At: 99%

SUMMARY OPTARS

	Annual Budgeted	Current Authorized Amount	Obligated Amount	Current Funds	Current % Used
COMMANDING OFFICER/EXECUTIVE OFFICER	$177,291	$60,127	$27,165	$32,962	45%
DIRECTOR OF NURSING SERVICES	$469,747	$180,645	$121,661	$58,984	67%
DIRECTOR OF MEDICAL SERVICES	$1,219,929	$577,585	$433,288	$144,297	75%
DIRECTOR OF SURGICAL SERVICES	$3,420,336	$1,717,425	$1,216,516	$500,909	71%
DIRECTOR OF CLINICAL SUPPORT SERVICES	$14,175,427	$6,499,860	$6,335,201	$164,659	97%
DIRECTOR FOR PUBLIC HEALTH	$4,139,756	$1,344,292	$1,263,100	$81,192	94%
DIRECTOR FOR RESOURCE MANAGEMENT	$22,237,147	$22,110,628	$20,632,711	$1,477,917	93%
DIRECTOR FOR ADMINISTRATION	$14,412,309	$12,446,284	$12,161,494	$284,790	98%
DIRECTORATE OF DENTAL SERVICES	$84,448	$21,852	$17,201	$4,651	79%
DIRECTOR OF HEALTHCARE BUSINESS	$73,896	$20,520	$12,648	$7,872	62%
DIRECTOR FOR BRANCH MEDICAL CLINICS	$10,163,725	$3,885,427	$2,901,855	$983,572	75%
DIRECTORATE OF NAVAL DENTAL CLINCS	$2,237,683	$1,084,719	$900,210	$184,509	83%
Grand Totals:	$72,811,693	$49,949,364	$46,023,047	$3,926,317	92%

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APPENDIX H. NC 2275, ORDER FOR WORK OR SERVICES

1. THIS ORDER MUST BE ACCEPTED ON A REIBURSABLE BASIS ONLY AND IS SUBJECT TO THE CONDITIONS LISTED ON THE REVERSE SIDE				2. DOCUMENT NUMBER
3. REFERENCE NUMBER	4. FUNDS EXPIRE ON	5. WORK COMPLETION DATE	6. DATE PREPARED	7. AMENDMENT NO.
8. FROM:			9. FOR DETAILS CONTACT:	
10. TO:			11. MAIL BILLINGS TO:	

12. ACCOUNTING DATA TO BE CITED ON RESULTING BILLINGS

A.ACRN	B. APPROPRIATION	C. SUB-HEAD	D. OBJ. CLASS	E. BU CONTROL	F. SA	G. AAA	H. TT	I. PAA	J. COST CODE	K. AMOUNT
L.								TOTAL THIS DOCUMENT		
M.								CUMULATIVE TOTAL		

13. THIS ORDER IS ISSUED AS ☐ A PROJECT ORDER X AN ECONOMY ACT ORDER AND IS TO BE ACCOMPLISHED ON A X FIXED PRICE ☐ COST REIMBRUSMENT BASIS. WHEN THE FIRST BLOCK IS CHECKED, THIS ORDER IS PLACED IN ACCORDANCE WITH THE PROVISIONS OF 41 US CODE 23 AND DOD DIRECTIVE 7220.1. THE FOLLOWING SUPPLEMENTARY ITEMS ON REVERSE ALSO APPLY AND ARE IN INTEGRAL PART OF THIS ORDER:

14. DESCRIPTION OF WORK TO BE PERFORMED AND OTHER INSTRUCTIONS

15. I CERTIFY THAT THE FUNDS CITED ARE PROPERLY CHARGEABLE FOR THE WORK OR SERVICES REQUESTED	AUTHORIZING OFFICIAL (NAME, TITLE AND SIGNATURE)	DATE
16. THIS ORDER IS ACCEPTED AND THE WORK OR SERVICES WILL BE PROVIDED IN ACCORDANCE HEREWITH	ACCEPTING OFFICIAL (NAME, TITLE AND SIGNATURE)	DATE

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